

China Will Return Taiwan Cargo Jet, Crew in Hong Kong

By Daniel Southard
Washington Post Service

HONG KONG — China recently agreed to return to the British crown colony of Hong Kong a Taiwan cargo plane and two crew members flown to the island by a defecting pilot in July May.

The concession by Beijing was announced after a series of talks between officials from the offices of China and Taiwan and security sources here last major since the 1949 Communist takeover and the crew members.

After three days of negotiations, the two sides agreed to return two airmen from two airmen found a solution to meet to benefit both sides.

The deal was announced by the Chinese and Taiwan since the Communist took control of the mainland 37 years ago.

The two sides grined by returning Taiwan to engage in direct negotiations. They said that developments in the past few years had put work in China's favor in the struggle. At first, Taiwan had tried any direct negotiations with the mainland.

The Beijing government has recently emphasized the commercial "humanitarian" nature of the deal.

Taiwan benefited by getting its two and the two crew members back and the mainland more flexible than in the past.

The two sides are to discuss final details of the exchange of the two airmen at another round of talks today.

Taiwan has earlier insisted that China's China Air Lines send a plane to Hong Kong to pick up the two airmen from the island of Guangdong to recover the plane. But representatives of the Chinese Foreign Affairs and Foreign Trade Administration of China finally agreed to deliver the airmen to Hong Kong.

After the two sides had agreed for 80 years on a Saturday for an hour and a half on Saturday. But negotiations had been stalled for a week picking the airmen up in Guangdong.

It is agreed to go to Guangdong to pick up the airmen and return them to Taiwan.

The deal is a result of its longstanding policy of shunning contact with the mainland.

The deal was announced by the Chinese King of the Civil War.

tion Administration, said his side agreed to make the delivery in Hong Kong as a gesture of goodwill toward the two new members with their families.

The move came after a number of reports that the two men had reported to have warned that the negotiations could break down if China refused to release the two men and deliver the plane in Guangzhou.

A dispatch from China's official Xinhua News Agency, released Monday, described the atmosphere at the talks as "warm and friendly."

No one was predicting that any further developments would follow the successful negotiations over the plane. But analysts agreed that the talks contributed to a lowering of tensions between China and Taiwan.

In Taiwan, analysts said the success of the negotiations was likely to strengthen the hand of pro-Taiwan officials, who have been arguing for greater flexibility in dealing with mainlanders and Taiwan.

Those officials have argued, for example, that Taiwan should remain active in the Asian Development Bank despite China's recent entry.

The pilot of the cargo jet had been on the ground in Hong Kong since May 3, though he said he wanted to be reunited with his family.

Pretoria Hits 3 Nations In Raids Aimed at ANC

By Alan Cowell
New York Times Staff Writer

JOHANNESBURG — South African forces using warplanes, he said, had killed 100 black people on Monday at the capitals of three neighboring black-ruled countries.

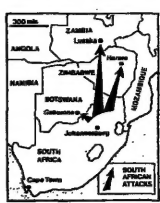
A little before dawn, South African blacks for control of a squatter camp led 14 dead, Page 2.

to attack installations purportedly used by guerrillas of the outlawed African National Congress. A day later, three persons were reported killed.

The coordinated action against the capitals of Botswana, Zambia and Zimbabwe was the most widespread to be launched by Pretoria in its 25-year war against the guerrillas. It was the first time the widespread popularity among South Africans blacks. It is the most widespread since the violent movements seeking the violent overthrow of white-minority rule.

It was the first time South Africa had struck directly at Zambia and Zimbabwe, ostensibly in pursuit of the guerrillas. Botswana, which has been a neutral, was struck in June 1985, an event that prompted the United States to suspend military aid to South Africa.

In South Africa, Herman W. Nickol



ence to South African states was "a direct consequence of the fact that we have not tackled them providing the guerrillas with military bases."

But the South African diplomat said the South Africans seemed to have severely jeopardized a diplomatic effort to bring the apartheid regime to the Commonwealth to set up negotiations between the white-minority government and the African National Congress.

[Sources said members of the Commonwealth mission have been told that the South African government has already left. Reuters said the mission was expected to leave by the end of the week.]

Some analysts said the mission showed that hard-liners in the government were not prepared to move in favoring some form of negotiation or settlement to the nation's strife.

But other observers said that, if the counts, the strikes began early Monday when South African soldiers fired 100 rounds of 16-millimeter (0.63 inches) machine guns from a 100-meter (328-foot) range at a crowd that bombed what Pretoria termed the congress' "operation center as well as a public square."

General Erasmus, the air force commander, said the South African air planes returned safely and that the protesters were "not guilty of the kind of harboring 'terrorism' and the use of weapons on their way to infiltrate the country."

Analysts Say Miscalculation Could Trigger Syria-Israel War

Syria Still on 'Terrorist List,' U.S. Says

United Press International

WASHINGTON — The White House said Monday that Syria "remains on our terrorist list" and called on President Hafez Assad to expel Ambassador Adnan al-Farisi, Syria's ambassador to the United States, and his organization.

The spokesman, Larry Spokes, made the remarks in response to an article in the *New York Times* in which Mr. Assad blamed President Ronald Reagan for straining relations between the two countries by labeling Syria's efforts to obtain the release of four American hostages in Lebanon. [The interview was with the *New York Times* international Herald Tribune.]

Prime Minister Shimon Peres of Israel, made the same point in a letter, said Monday that he welcomed statements by Mr. Assad that appeared to be aimed at calming the tensions between Israel and Syria.

Mr. Assad told The Post he was "kinder and dispassionate" than his predecessor, Hafez Assad, in the Reagan administration, said a policy of "actively ignoring" some countries was "not in our nature."

Syria has drawn renewed attention from recent allegations by Israeli officials that it helped supply weapons to the PLO in its fight against London for a failed attempt to assassinate Prime Minister Menachem Begin.

See REACTION, Page 2



But Constraints A

- By Thomas L. Friedman
New York Times Service

JERUSALEM — Complex long-term changes in the Syrian-Israeli military balance have created a situation in which even a small miscalculation by either side could ignite an armed conflict, according to Israeli, Arab and Western military experts.

These changes include a marked strengthening of the Syrian Army since 1982 to a point where its leaders may now believe they can challenge Israel without another Arab partner, according to a number of senior Israeli military sources. Arab analysts in London and Beirut and Western military experts.

re Said to Outweigh

In addition, the experts cite Syria's attempt to take advantage of the Israeli public's reluctance to go to war at this time; some recent Israeli provocations of Damascus, such as the downing of two Syrian MiG-23s in Syrian airspace; Syrian news stories about the possibility of a visit by American troops; and the threat of Syrian retaliation for purported American involvement in Palestinian terrorism and economic problems. In both Syria and Israel that have left each with lighter fingers on their triggers since neither can afford to be caught off guard.

"Add them all together and there is no question that the threat of war between Israel and Syria is higher

Possible Gains

today than at any time since 1962," said Zeev Schiff, one of Israel's leading military writers.

"But that doesn't mean something is going to happen tomorrow or even in six months," he said. "My feeling is that we can still control the situation."

The experts said the danger which has been rising steadily over the past two months, does not derive from any recent movements of men or armor on the ground, so no evidence of such movements could be seen on a recent tour of the Golan Heights.

Clearly, both sides see constraints and opportunities in the

See SYRIA, Page 2

Chernobyl Unit, U.S. Plants Share Many Features

EW YORK — The nuclear reactor plant that exploded in the Soviet Union last month had more safety features and was closer to Western reactor designs than Western experts had assumed just after the accident, nuclear experts say.

The roof of the Chernobyl plant was blown off in a hydrogen explosion on April 26, allowing large amounts of radiation to spread

In addition to the containment structure, Western experts say, the Chernobyl reactor had a basement water pool to absorb excessive steam pressure; a chamber of nitrogen around the reactor that, unlike oxygen, will not support fires; duplicate and well-protected power cables; modern control equipment of the same type used in Western reactors; and valves and seals to

"There are a lot of implications," said Dr. Richard Wilson, professor of physics at Harvard University and chairman of a 1985 American Physical Society study on severe nuclear accidents. The basement water pool at Chernobyl was designed, as in U.S. reactors, to relieve excessive pressure.

"I'm just a little nervous that we have the same design, and it didn't

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City Held

Reuters

COLOMBO, Sri Lanka —
 dents of the northern city of
 said air force planes and heli-
 ters bombed and strafed the
 Monday as Tamil guerrillas
 ly resisted a government de-
 reassert control in the sep-
 stronghold.

The air raids marked an

fell near the city's main bus station. The explosion set off fires in nearby shops.

Some residents were mortally wounded and others injured as they fled their homes and into schools and other public buildings.

The residents said government aircraft had been spotted over the area since troops launched an offensive Saturday to regain control of the city.

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Ruling Coalition Losses Expected in Dutch Vote

BY Steven J. Dryden

HAGHUE — The center-government of Prime Minister Ruud Lubbers of the Netherlands, under the leadership and support of nuclear energy, is expected to suffer significant losses in national elections.

National polls published over the weekend show the two governments are barely short of a majority, while the opposition in the lower House of Representatives Parliament. The coalition between Liberal Democrats and Liberals currently has 81 seats.

The center government's Party is said to gain up to seven seats, leaving it total to 54.

If the party's only chance of winning is by forming a coalition with Mr. Lubbers' status Democrat, a difficult argument because of disagreement about the role of nuclear energy and the deployment of North Atlantic Treaty Organization nuclear forces,

is uncertain outcome could mean Mr. Lubbers heading a caretaker government for up to six weeks while talks over a new coalition continue, analysts said.

The government is just one month away from a parliamentary election, an attempt might be made to combine with one of the far-right parties, analysts said.

In other words, the analysts said, whether possible coalition partners, the Democrats' 66 party, a small group that is forecast to lose its seat.

Earlier appeared that concern the Chernobyl nuclear accident had reduced support for the



Rued Lubbers

Swiss Bank S

By Thomas W. Nierxer
New York Times Service

GENEVA — The decision by a prestigious Swiss bank to provide documents relating to an insider trading case by U.S. Securities and Exchange Commission underscores Switzerland's increasing cooperative stance on international reform for legal assistance, according to bank officials.

Harry Peter Schmid, house legal officer for Bank Leu Ltd. in Zurich, said in an interview that his bank had cooperated with the commission "to protect our clients, because we didn't want to get into a subpoena at our branch in New York."

tures that would make their consultation structure less profitable. But technical drawings and other information obtained through government and international scientific sources by U.S. experts showed that the three-year-old Chernobyl unit had more safety features than most American reactors. "It was the first assumption in the West," says the source.

"Our first impression was that it had no design changes, based on other designs we had of Soviet reactors," says the source. "The Soviet safety official at the Nuclear Regulatory Commission."

"But then we found out there were changes," says the source. "The Russians, for example, had a different type of control rods, and other means, that it was a newer plant." Mr. Bernero added, "The Soviets, in fact, have tried to incorporate the best of American reactors, and adapted and backfitted in the middle of their product line."

Many experts said it would be

Secretory Laws

alleged scheme by Democratic Wall Street member executive Burnham Lambert Inc. to use the knowledge to profit from fluctuations, Mr. Levine was accused of a U.S. federal suit of insider stocks.

Bernhard Meier, 35, a former U.S. Marine, was charged with working in connection with trading at Bank Len's sub-Bahamas.

Mr. Meier said of the "Secretory Laws International Inc." its own people and managers would to expose our clients to

"The Soviets would not have or even tried that reactor if their estimates of probability of failure was as low as it turned out to be," Dr. Wilson said. "They are not fools."

He added that "while safety something else went wrong, some thing that so far has been left out of the analysis of possible causes for accidents."

Western experts agreed the Chernobyl's graphite core was made of small pieces of spheres of different designs, which one water to moderate the nuclear chain reaction.

The graphite and the massive concrete structures were designed to shield the fuel rods from the Soviet reactor can generate more hydrogen under superheat than modern designs. Hydrogen is believed to have caused the explosion.

Many papers were submitted to the USSR Press, Page 2

SEC wants to know everything... Switzerland's... reported for criminal motives... for money driven... political activists... and they argue that the banks have recently shown to cooperate in bank... Italy in the last deca... with the United S... law on legal assets...

Jaobin Majluta Aziz, trailing in the official election, but he has decided to run.

GENERAL NEWS

- **Nicaragua** disagreed with neighbors over arms limits peace talks. **Page 1**
- **Rosner**, reflecting on life in the U.S. as her visit ends, says America as a symbol. **Page 2**
- **Dobrynin** thinks that Moscow forces an early negotiated settlement on Afghanistan and a part of Soviet troops. **Page 3**

ARTS/LEISURE

- **The Cannes Film Festival** ended without mishap, proved an artistic and financial success. **Page 4**

the ruling party's candidate, **President in the Dominican Republic** declared himself the winner. **Page 1**

success. "The Mission," a hit **by Rolando Joffe** won the **Golden Palm**. **Page 1**

BUSINESS/FINANCE

U.S. economic prospects have improved because of falling **oil prices**, **business economists** in a **survey**. **Page 1**

Japan cut interest rates **many bank accounts to positive** **interest rates**. **Page 1**

SPECIAL REPORT

Cost-efficiency now dominates **the electronic communication** **market**. **Page 1**

U.S. Insider T

Kirker, a spokesman for the Federal Reserve Department in Bern, said: "People think that bank secrecy is absolute, but it's not. It's a misconception. If the proper channels for legal assistance can lift bank secrecy."

He added: "We don't want dirty money and regulatory officials pointed out the serious revision of federal law to be in parliament this year that would allow existing penalties for insider trading."

The American Bankers Association, which is the nation's largest bank, in a statement and an agreement with the SEC and the Treasury Department.

reported. Other residents said more than five families were dropped from the Italian-made anti-aircraft bombs that exploded near each other in a series of air raids that killed 22 (22-kilogram) bombs exploded in the city, but he refused to say how many people were injured. The bombs flew over the town for nearly 10 minutes before falling at suspected targets in the positions.

Mr. Nadzharin said that in the last two patients were wounded in the air raids built hit the hospital.

A spokesman for the Ministry of Defense said planes and had been provided cover for troops in the city, but he refused to say how many people were injured. The bombs flew over the town for nearly 10 minutes before falling at suspected targets in the positions.

Military sources said the air and strafing were ordered to troops came under fire from the city with rockets, snipers and machine guns.

The residents said that 10 persons were injured when the

Trading Cases

...others they would refrain from insider trading under the threat of having information provided to the commission and subjected to criminal charges.

"We support the draft for a new law on our panel code on insider trading that is before parliament now," said James H. Chapin, general secretary of the National Securities Association, a Washington-based consortium of officials of large Swiss banks.

Mr. Kistler said that in 1984, it took a year after the new law on legal insider trading was passed in Switzerland. The first 100 requests from the United States, of which 50 were executed. Swiss authorities of the law on about half of the 50

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Swiss Bank Secrecy Laws Are Put to New Test in U.S. Insider Trading Case

by Thomas W. Netter
New York Times Service

GENEVA — The decision by a religious Swiss bank to provide documents relating to an insider trading case by U.S. Securities and Exchange Commission underscores Switzerland's increasing cooperative stance on international regulatory legal assistance, according to bank officials.

Hans Peter Schnaas, head legal counsel for Bank Leu Ltd. in Zurich, said in an interview that his bank had cooperated with the commission "to protect our interests, because we didn't want to get into a subpoena at our branch in New York."

The commission was investigating

Mr. Schaad said of the "Bank Leo International N.Y.": "It is not our own people and management who want to expose our clients. We want to do this case."

Switzerland's law is widely regarded as the best for laundering funds for criminal means, or for money diverted from political dictators.

But banking analysts argue that the banks have recently shown a willingness to cooperate in investigations. They say the situation has improved in the last few years with the United States law on legal assistance that came into force.

Bank secrecy laws are offering opportunities to a large number of people to use the law to their advantage, you say. He adds, "Banking is a properly debated issue. It is strengthened by free trading. The Swiss representatives in 1982 signed a treaty requiring

Department in Bern, said: "Too much bank secrecy is absolute, but to degree this is a misconception. If the proper channels for legal assistance can lift bank secrecy."

He added: "We don't want dirty money and regulatory officials pointed out the need of federal law to be in parliament this year that would increase existing penalties for insider trading."

The Swiss Bankers Association, which is the nation's major banks, indicated an agreement with the SEC to inform clients of member banks to de-

"We support the draft for a new law in our penal code on insider trading which is before parliament now," said Jean-Philippe Chapuis, general secretary of the Swiss Association. His statement was echoed by several officials of large Swiss banks.

Mr. Kistler said that in 1984, three years after the new law on legal insider trading came into effect, Switzerland received requests from the United States, of which 39 were executed. Swiss authorities have since acted on about half of the 50 requests for assistance received last

He said the Liberation Tigers of Tamil Eelam, the most powerful guerrilla group fighting for an independent Tamil nation, was the resistance to the government's first major attempt in a decade to impose its authority on the island.

The Tamils, who say they discriminated against by the Sinhalese, are seeking the end of autonomy on the island.

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After Tragedy Near Dhaka, a Bit of Hope

Fire at Bihari Refugee Camp Lends Urgency to Effort to Settle in Pakistan

By Steven R. Weisman
New York Times Service

DHAKA, Bangladesh — The people in the squalid shantytown of Geneva Camp count themselves among the world's most unwanted refugees.

In a generation, they fled two homelands and then found that Pakistan, the country of their choice, would not take them in.

Some 250,000 Moslems whose families were originally from the northern Indian state of Bihar now live in 66 refugee centers like Geneva Camp throughout Bangladesh.

Last month, a fire swept through Geneva Camp's sheds and huts,

burning dozens of people and bringing even more despair.

Visiting the camp, near the sleek new government buildings of Dhaka, is like a nightmare.

Naked or partially clothed children scurried through the mud and fly-infested sewage ditches.

Homes made of a few slats of wood and jute cloth lay flattened and charred by fire.

People with hollow eyes and swollen chests stared vacantly at strangers.

"My house was totally gutted," said Noor Islam, a 28-year-old rickshaw driver. He said he and his family had lived through the

previous night under a polyethylene sheet, shivering during a thunderstorm.

"All night we sat and prayed to Allah for it to be over," he said.

But the fire at Geneva Camp on April 20 also had had repercussions in the Moslem world, giving a new urgency to the Bihari plight.

Officials who are working on resettling the Biharis in Pakistan said they had finally raised enough money and were moving closer to their goal.

"I believe it will eventually happen," said Lord Ennals, a member of Britain's House of Lords, who has worked for years on refugee matters. "It's taken a hell of a lot of time and it's going to take a hell of a lot of money, but I think we have a basis for working out a clear arrangement."

The story of the Biharis is one of

1975, international relief agencies also looked away from the problem on the ground that the Biharis were not really refugees. Bangladesh offered to absorb the Biharis, but they refused.

According to officials working with the Biharis, neither Bangladesh nor the Biharis themselves are eager to spend the money to rehabilitate their camps, but the urgency to resettle them diminishes.

For years, Mr. Khan and others have appealed to President Mohamed Zia-ul-Haq of Pakistan.

General Zia finally met with Mr. Khan in December and repeated what he had said for years: that Pakistan would take them in if

they could raise the costs of absorbing them.

Pakistan already has enormous social strains because of the settlement of about 200,000 Biharis already in Karachi, and the three million refugees who fled from Afghanistan since December 1979.

Lord Ennals said there had been several breakthroughs in the resettlement drive since 1983. First, the World Modern League, a Saudi Arabian philanthropic organization, agreed to raise money for the effort.

The league has not produced the funds yet, so Lord Ennals turned to a group of wealthy Saudis to set up a separate trust.

Lord Ennals said the trust now has guarantees from New York banks that \$275 million will be spent over three years to transport and resettle the 250,000 Biharis in Pakistan.

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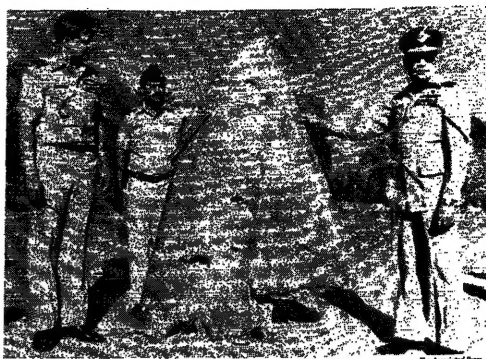
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Pakistani Air Force officers display the tail section of a Soviet-built ground-attack plane shot down by an Afghan F-16 jet. The fuselage of the plane has not been recovered.

Dobrynin Hints at Afghan Pullout

United Press International

MOSCOW — A top adviser to Mikhail S. Gorbachev has said that the Soviet Union would bring its troops home from Afghanistan if the United Nations special mediator, Diego Cordovez, said Friday that the Kromin had dropped its demand that support for anti-Communist rebels be stopped first.

Mr. Dobrynin said Sunday that Moscow favored a "political settlement" reached — has been harmonized with the Afghan side, he added.

An estimated 115,000 Soviet troops have been deployed in Afghanistan since December 1979.

Mr. Dobrynin, now a secretary of the Central Committee, said that talks in Geneva between Pakistan and Afghanistan had "reached a responsible stage."

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Army Chiefs Urge Calm in Dominican Vote Dispute

By Joseph B. Treaster
New York Times Service

SANTO DOMINGO, Dominican Republic — The leaders of the confidence in the electoral process and urged public calm after the governing party's candidate claimed he won the presidential election despite reports showing him in second place.

The candidate, Jacobo Majluta Azar, declared himself the winner Sunday night and called for a recount.

Meanwhile, however, former President Joaquín Balaguer widened his lead in the official count based on nearly complete returns from Friday's voting.

Mr. Majluta is the candidate of the ruling Dominican Revolutionary Party and Mr. Balaguer represents the Social Christian Reformist Party. Both men are considered centrists.

Mr. Majluta, the 51-year-old president of the Senate, said that his supporters showed him that "the triumph is ours, and nobody is going to take it away from us."

He demanded that two members of the three-member Central Elections Board step down.

A short time later the armed forces chief issued a statement on national television saying that they "unreservedly support the electoral process" and that they considered all phases of the election to have been "clear, free, democratic and the most eloquent expression of the popular will."

The statement was signed by Lieutenant General Manuel Antonio Cuervo Gómez, who is the minister of defense, and by the chiefs of the army, navy, air force and police.

In the official count, Mr. Balaguer appeared to be headed for victory, expanding his lead to 5,000 votes over Mr. Majluta's total, with 92 percent of the polling places counted.

Some of the cars that derailed in the crash in Virginia.

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Bonner, Her Visit Almost Over, Reflects on Life in America

By Yelena G. Bonner
Washington Post Staff Writer

I am convinced that Americans want peace. I don't know about America—I'm not a specialist. But the schoolchildren who travel around the world on peace missions and can explain everything about rockets and so on. So while I am not as competent to judge, I maintain that Americans do not want war. What Americans want is a house. No matter their place on the social ladder, their salary, capital, inheritance, winnings in the lottery or on the stock market. They want a house of their own. They want a house and the ground it stands on, and a surrounding bit of land. That's all. Some own a tiny house, like a tiny cottage, and the only soil is in their flower boxes; others have lots of bedrooms, baths, and extensive lawns. The

desire to own a house is not a class ambition; it crosses every upper, middle, upper-middle, or lower-income group, and is an expression of a national trait, a desire for privacy.

Even one of New York's homeless, huddling in a blanket over a grate, will be lashed if you invade his privacy. A house is the symbol of independence, not even a material one, but some sort of combined spiritual and physical independence. The Americans feel about his house expresses the main traits of Americans—the desire for privacy and independence. But that attitude gives rise to a third trait, "My house is my pride and joy."

And from that comes "My city, my state, my country is my pride and joy." There is no aggression or parochialism in that attitude. It is open and kind and caring both toward the house and toward everything

that it stands for, the soil in the flower boxes and the lovingly tended lawn, even if it's only three yards or so. And, I say, this shows that Americans care about land in general and about the whole world.

Americans do not want war. They want a house. The first lady says that when the president retires, they will sell the house in which they lived before the presidency. The children are grown and the place is too big for them, so they will buy a smaller house. A wonderful plan. And it's wonderful that the whole country knows it. The president doesn't want war, he wants a new house.

I also want a house, in addition to my usual means of transport, a car and a motorcycle and that there be no war. With enough land around it, and no more, for me to plant flowers.

I don't need a lot of bedrooms, just one for us and one for mother, a guest room and one more so that I'm always ready for our grandchildren. And I'd like a room where I could at last spend out my books and where Andre could make a nest. What nonsense I'm writing! I want a house! This is me, who should be counting the days, no, the hours of my freedom to do what I want, even to type this freely, to type all my unsatisfactory nonsense, such as "I want a house."

But you know, I'm 63, and I've never had a house. Not only that, I've never had a house I could call my own. I started out like everyone else: a normal childhood, but then came a strange orphanhood—father and mother arrested and no one knowing whether they were alive or not. I lived in a single room with my grandmother, brother and sister. On the other side of the wall (two corners) lived a man named Pyodorov with his wife and four children. When he got drunk he beat them. If they managed to get away, they would spend the night with us, sitting on the old trunk. Pyodorov never broke into our room. He was afraid of grandmother—everyone was afraid of her except me. I had my own room, of course, but ever since my parents' arrest, I have never allowed myself to show my dread of anything.

Then there was the army. I guess there was a time when my "house" was a compartment in the hospital train, where I was head nurse. The war ended, and many people shared my room with me, like girlfriends. I remember after the evacuation was over. Later, we had a room in a communal apartment—my first husband, two children, my mother and I often had nights staying the night. There were 48 in one apartment, and one toilet.

Later in Moscow, we had two rooms in the apartment where my mother, the children, and I lived, and then we were joined by my son-in-law, and then by Sakharov. I think that the first time I was mistress of my own place was—I'm hard to believe—in Gorky, in exile.

I do not want that. I want a house. My daughter has a house in Newton, Massachusetts. It makes me so happy to think that she has a house. Her family is caught up in our affairs, in our Gorky horrors and suffering, and our cares. They have forgotten the pleasure of their house. I want them to go back to caring about it. It has done so much for them—my daughter and her husband and their two children have been living in the house since their arrival in 1977. My son came there, followed by his wife, and their daughter was born there. Two families shared the house in a most non-American way—it was almost a communal apartment and it had almost a third family. My mother arrived and the impossibility of going back to Khrushchev has kept her there close to six years. Where else could she go—to live in exile in Gorky?

My dream, my own house, is unsatisfiable for me and my family—that is, for my husband and myself, or unsatisfiable as Heaven or earth. But I want a house. If not for me, then for my son and his family. My son and I plan to buy one. And I am learning myself new things. The house should be near good schools; my granddaughter is 3 and schooling is not far off. It should be in the suburbs—vacations are short and a child should not have to grow up in a polluted city. It should be close to their work—my parents have jobs and there is only one car. It should have a full foundation and basement. (I had never

known such considerations to exist.) It should have three bedrooms so that my mother can be with them, or at least visit. It should have a room and bath in the basement for guests. It should have a studio—Alysha wants more than a house, he needs a workshop for his mathematics. Oh I want, I want, I want. More than the children, I want. But it's time for me to pack my bags. Not tomorrow, but very soon. The children live here, I live over there.

My time here has been a highlight of my entire life. For instance, I went to the Virgin Islands. I had never been in a climate like that, near palm trees—coconuts really do fall! My first husband had never felt like this. The warm and quiet sea splashed just 20 steps away from me. I would call it paradise, but paradise is not simply a question of climate, or sand, or sea, or even apples (or pears)—that historical argument from the Garden of Eden has yet to be solved. Paradise is being with people you love and treasure and not worrying about them. I wish Andre were here. I wish my mother could sit in a rocker in the shade near those sweet, sleep-inducing oleanders, and I wish I could pick up the phone once a week and hear the calm calm I want, even to type this freely, to type all my unsatisfactory nonsense, such as "I want a house."

Perhaps I have grown more tranquil here. I am grateful that I was invited to this island and that it was so simple to give me five days to catch my breath, to work, and to have peace. Maybe those days let me regain my senses—to stop losing my temper with my family; to understand that I can change nothing or correct nothing; to stop tormenting my heart (the six bypasses may not be able to take it) and the hearts of others—heart's love.

My husband told me just five months ago (God, I haven't seen him in five months and want to be with him so much). "The world is further away from war than it has been in a long time," I believe him, and on that score, I live calmly. Especially since I have more than enough worries, cares, and misfortunes of my own.

What difference does it make if Gorbachev and Reagan meet in June or some other month? What difference does it make which of them is being cranky? First Gorbachev plays hard to get, like a girl invited for a date, poring, considering, "I don't know, I have to think about it, probably not." Then Reagan sounds like a jealous girl, "It's her or me. Now or never." A recent newspaper article set me thinking along these lines. Actually, all three are alien to me—the newspapers and the two governments. I must be one of the world's least interested people in the problems that Reagan and Gorbachev are threatening to discuss or not discuss, when and if they meet or don't meet.

I want a house. I don't want war. Americans want a house, too. Americans don't want war. So now, with my surgically repaired organ of feelings and circulation, I am writing in a hotel in New York, which is simultaneously a city and a country and a world. I am on the eighth floor in a corner room. One window opens on 61st Street, the other on Central Park. In two directions, unfolding from an angle, stretches a panorama that needs nothing added to it. Against the blue of the sky are the gray silhouettes of buildings that pierce it (light gray in the sun, darker in shadow), lines, lines, lines. How can anyone say that New York is not beautiful? For me it is the city of cities, ready for the future.

Today I see something amazing from the windows of this room. I got up early, a bit after six. The haze of burgeoning buds barely showed over the trees, and the grass had not yet taken on a greenish hue. It was still yellow, the color of grass shoots. And now it's noon, and there is a delicate green smudge over the trees and the grass has turned green, a tender, tender green. So quickly, spring came in six hours. Lord, I want the whole world to feel this good. They say New York is at its best in spring time. And now I'm going downstairs into the city.

(Yelena Bonner announced Thursday that she will leave the United States next Saturday to return to the Soviet Union and live in exile with her husband and fellow dissident, Andrei D. Sakharov. This article was translated from Russian by Alexander Cook.)

Greens Agree to Press NATO, Nuclear Issues

By James Maricham
New York Times Staff Writer

BONN — The leftist Greens party concluded a four-day congress by agreeing to a national election program demanding West Germany's withdrawal from the North Atlantic Treaty Organization and the abolition of nuclear energy. Emboldened by a surge of popular support as a result of the Chancellor's "fundamentalist" wing, which is dominated by Marxists, concluded the Hannover congress that laid down the party's strategy for the January 1987 elections.

The Greens came against a backdrop of fierce clashes between police and anti-nuclear demonstrators at an uncompleted "Wachstumsplan" in Wuppertal, near the frontier with Czechoslovakia.

(Police fired water cannon and tear gas Monday in the third straight day of clashes with protesters at Wuppertal. The Associated Press reported, a police spokesman said 157 policemen had been wounded in clashes with protesters since some 5,000 anti-nuclear demonstrators gathered at the site.)

The congress adopted a resolution saying there can be no peace with NATO—it is vital to weaken and abolish the alliance in order to achieve peace.

"NATO can no longer be reformed," the resolution continued. What matters is the weakening of NATO as the alliance that has consistently promoted the arms race."

The party said that the first step toward a neutral West Germany should be the withdrawal of all American nuclear weapons, followed by the constitution of all German general and now a Congress inquiry, cautioned the delegates that the withdrawal from NATO could not occur "overnight." But he said that after the withdrawal of

U.S. weapons and troops West Germany should begin to set up a system of "weapons of social defense" to meet its threat.

The Greens, which secured representation in the Federal Assembly in 1983, have had a solid standing in West German opinion polls since. But the Chemnitz dissident has given a big push to the party's popularity, and opinion polls have shown them with as much as 8 or 9 percent of the electorate.

While Chancellor Helmut Kohl's center-right coalition is favored in the January national elections, some recent polls have for the first time suggested that it could be outdistanced by a combination of the Greens and the opposition Social Democrats. Mr. Kohl's poor rating in the polls is a handicap for the governing coalition.

The anti-nuclear resolutions adopted in Hannover could have an impact on the politics of the West German states. The congress urged the Greens in Hesse state, where they form a coalition with the Social Democrats, to leave it by the end of the year if an agreement had not been reached to halt nuclear power.

And looking to elections that will be held June 15 in Lower Saxony, the congress said its state chapter not to consider entering a coalition with the Social Democrats unless it was based on an accord for abolishing nuclear energy.

Since Chemnitz, the outcome of the election in Lower Saxony has been thrown into doubt, and polls suggest that Mr. Kohl's Christian Democratic party will lose its absolute majority there. The pro-nuclear Free Democrats, who could be a coalition partner, have been hovering below 5 percent of the vote, the level needed for legislative representation.

Although polls show a sharp rise in support for the Greens, West Germany, Mr. Kohl has defended the need for it and has urged that plants in this country are safer than those in the Soviet Union. Both he and Ernst Al-



Gert Bastian

brecht, the minister-president of Lower Saxony, have started to demand that the Soviet Union pay compensation to West German farmers and others who suffered because of the radioactive fallout.

Sunday, speaking to a gathering of German exiles from the Soviet Union, Mr. Kohl sharply attacked the human rights records of Communist states and demanded reparations from Moscow.

Noting that Mikhail S. Gorbachev, the Soviet leader, had waited almost three weeks before addressing the subject of Chernobyl, Mr. Kohl said the Munich gathering, "It would certainly have been better if he had dropped his attacks on other states and explained how the Soviet Union intends to compensate for the material damage that was caused, above all in the Federal Republic of Germany."

Mr. Kohl was swiftly attacked by the Soviet press agency Tass, which accused him impudence and of stirring "venomous" feelings toward West German territories.

Hungarian Leader in Prague

Prague Press—Prime Minister Gyorgy Lazar of Hungary arrived here Monday on a 12-hour visit devoted to bilateral cooperation of the press agency CTK announced.

Reagan Prods Congress on SDI Funds

By Michael R. Gordon
New York Times Staff Writer

WASHINGTON — The Reagan administration may reconsider its commitment to strictly abide by the terms of the 1972 anti-ballistic missile treaty if Congress does not support the Strategic Defense Initiative, according to a report to Congress by the Arms Control and Nonproliferation Agency.

The warning comes at a time when the administration has tried to protect the SDI from congressional budget cuts.

The report states that the Reagan administration's current SDI program to conduct research on anti-missile defenses is consistent with a strict interpretation of the ABM treaty and will remain so as long as the program receives the

support needed to implement its plan.

The arms-control agency suggested that if adequate support was not forthcoming, it might have to "restructure" SDI programs and adopt a lower interpretation of the treaty's provisions. The report is an annual assessment to Congress on the "arms control impact" of U.S. military programs.

The report comes against the background of continuing debate within the administration and outside government over how the anti-ballistic missile treaty should be interpreted. The treaty sharply restricts the deployment of anti-missile systems, as well as research on anti-missile technology.

Last year, some administration officials said that had arrived at a new interpretation of the treaty that allowed the testing and development of some new types of anti-missile systems included in the SDI concept, such as lasers.

That interpretation was questioned by some former U.S. officials who negotiated the treaty and by the West European allies.

In the face of these criticisms, the administration worked out a compromise. It stated that it would restrict itself to the original, stricter version of the treaty, even though it maintained that a broader interpretation was legally justified.

In an Oct. 15 meeting in Brussels, Secretary of State George P. Shultz assured the North Atlantic Treaty Organization that the United States would not exceed the limits of the treaty.

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OPINION

Statesmen Aren't Doctors, Which May Be Just as Well

By Charles Krauthammer

WASHINGTON — In literature, metaphor makes for complicity, direction and depth. In politics, it merely simplifies, and thus distorts. The worst offender is the medical metaphor. Politics is a realm of ambiguity and compromise. Medicine, on the other hand, is a world of black and white. A cancer, like all disease, is not only not humane, but also humanly malignant, invasive and murderous. It merits no quarter. The only relevant question when dealing with it is how best to destroy it.

Which is, of course, why politicians love to depict their enemies as parasitic cancers, spreading infections or boils fit only for lancing. An adversary—even a member of an evil empire—is entitled, by dint of his humanity, to certain considerations and feelings. Turn him into a cancer and it becomes absurd to accord him rights or life or even pity.

The roots of the medical metaphor is quite simply to dehumanize. Animal metaphors ("insect pig") have made the same effort (which is why Martin Luther's New Republic, for example, forbids them even in cartoon drawings). Fascists, in fact, were the great specialists in both kinds of metaphor. They understood that once one's enemies are turned into beasts, the killing is easy.

Today the cancer metaphor is a favorite of the political right. The Socialists are not just a threat but a cancer that needs cutting out. Similarly, terrorism. The most famous use of this particular metaphor came from Susan Sontag, who wrote in her more radical days that "the white race is the cancer of human history." (Some years later she repeated the metaphor—not because it was unflattering to whites but because it was unflattering to cancer sufferers.)

Demagogical metaphors are distinctly unpopular. ("Stalinism spread like a rash across the face of Eastern Europe.") Both are the exception to this rule, because they call for a lance, which sounds medical. But anything that can be cured with a cream just won't do.

The medical metaphor lends itself to ghastly elaboration—running races, raging fevers, festering ulcers, hemorrhaging. There are basically two kinds of medical metaphor. The metaphor of disease (cancer, infection), whose purpose is to dehumanize the bad guys, and that of healing, whose purpose is to sanctify the good guys.

"Take the idea of the 'marginal strike.' This is a military attack that kills only terrorists and leaves all else, from innocents to French embassy, unscathed." It is an index of how muddled our thinking about war has become that the surgical strike has become the only marginally acceptable form of military action. (Incidentally, those metaphors which make war to be a cancer, or a hemorrhage, or a festering ulcer, have never witnessed an operation. President Reagan is partly to

blame for this. For years now he has insisted, absurdly, that any retaliatory attack that results in harm to civilians makes the strikes terrorists, too.

This is absurd because even in the strictest just-war traditions there is an understanding that precision is not always possible. The question is not whether innocents may be "collaterally" injured, but what kind of objective justifies such an attack and at what risk. Not even de Vitoria or Suarez, the great late-medieval just-war theorists, insisted that the use of force could only be just if purity were guaranteed.

Why the current popularity of the medical metaphor? It is more than just linguistic fashion. It is a sign of low morale, of a loss of confidence in the justifications and feelings of one's own causes, of the accordingly restrained means that are chosen to pursue them in the world. It sums total of American military actions in the last 10 years would hardly add up to one afternoon's violence in a Israeli fire zone.) Americans can only bring themselves to take military action under cover of white costs and under the promise that the job is not war but hygiene.

We are ready to fight only cancers and then only "surgically." Why? Because it has become too difficult to fight real enemies whose humanity we can respect but, at the same time, whose purposes we know we must defeat.

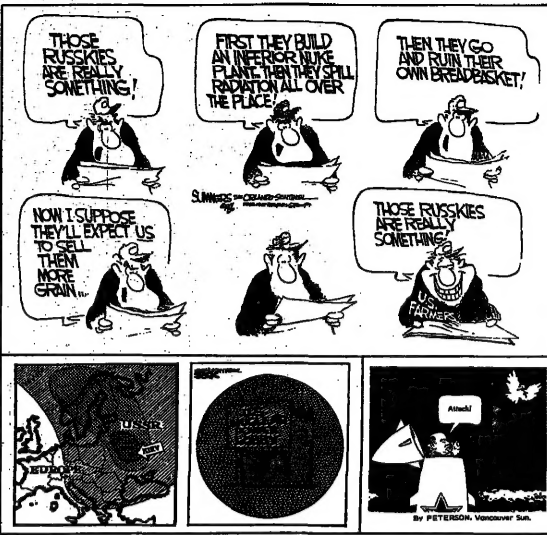
Enough. Enemies are not cancers. International politics is not medicine.

Washington Post Writers Group

For and Against Waldheim

Austria was never a willing ally of the Nazis, but some of its best friends joined the Nazi Party because it was the only way to get information useful for the extensive underground movement. Dr. Waldheim, like every able-bodied man, had to join the German army. He was wounded and then served in Yugoslavia as a lieutenant, which corresponds to first lieutenant. As such, he had to carry out orders, not give them. His record was thoroughly investigated before he was twice elected secretary-general of the Austrian government.

OTTO NEUBATH, London. Mr. Waldheim's past does not disqualify him from being Austrian president. If his superior in the German army during his war service in Yugoslavia, General Alois, was helped by the Yugoslavs in 1947 as a war criminal, mainly for bombing Belgrade in 1941 and killing about 15,000 people, he was not more guilty than English or American generals bombing German cities.



LETTERS TO THE EDITOR

The destruction of Austria-Hungary by the Allied powers in 1919, Churchill said in his memoirs, brought to those people all the misery of Dante's Inferno.

WOLFGANG BUCHNER, Vienna.

Kurt Waldheim is being subjected to character assassination by the World Jewish Congress, Israel and others who are joining the bandwagon for fear of being seen to be soft on Nazis. But where is the indisputable evidence? If there were substantial doubts about him, they should have been aired before he was elected secretary-general of the Austrian government. I believe that Israel and other Jews are trying to get back at Dr. Waldheim for being, in their eyes, too friendly to Arab states while he was secretary-general.

WILLIAM R. ROTH, Stuttgart.

Kurt Waldheim fails to recognize the solemnity of the charges against him. The questions here are not political and ephemeral; they belong to the absolute realm of history and morality. Mr.

Waldheim should withdraw from public life pending an investigation of his wartime role. Surely World War II has forced greater sacrifices than the default of political aspirations. The Austrian election must not be a referendum on an issue that is not debatable.

MARK SEAPRO, Boulogne-Billancourt, France.

So, when Yugoslav fighters and civilians were being massacred and 60,000 Greek Jews were being exterminated, members of the German army "were not doing anything but our duty as decent soldiers." ("Waldheim Invokes Memory of the 'Dust of War' on May 27.") That kind of language was familiar coming from thousands of Nazi criminals. What a strange sense of duty.

YONNI VASSALO, Athens.

Terrorism: Let's Be Fair From your report "Arab-Arab Feeding Surface in Congress" (May 10) it seems evident that the words "Arab" and "terrorism" are increasingly paired in the

mind of the United States toward the Middle East. What needs to be recalled is that the United States has its own terrorists, like the Ka Klux Klan. Should all Americans be judged by them? The terms "American" and "terrorism" do not fuse on that side of the ocean. Why should "Arab" and "terrorism" fuse on the other? It is true that there is anti-Arab sentiment in Congress. It ought to be reconsidered.

OSHEL RYERS, Geneva.

The perception dominant in the West that Colonel Moazzam Qadafi's Libya is the arch-enemy of international terrorism would by implication mean that if he is somehow overthrown by a leader more palatable to the West, it would be the death knell of international terrorism. Nothing is further from the truth. Such thinking adds a further vigorous twist to an already twisted collective mentality. The root cause of terrorism lies in the long list of unresolved political disputes in many parts of the world and the Middle East in particular, whereby millions have suffered for decades due

After the Dash to the Altar, Every Expectation of Twins

By Jerry Zesima

NEW YORK — News item: Television journalist-personality Maria Shriver, niece of the late John F. Kennedy, marries actor-sonogram Arnold Schwarzenegger and changes her name to Maria Shriver-Schwarzenegger.

Celebrities in attendance included Maria Shriver-Schwarzenegger, Olivia Newton-John, Meredith Baxter-Birney, Fanny Fawcett-Majors-Fawcett, Mary Decker-Tabb-Decker-Sinay, Nancy Lopez-Melton-Lopez-Knight, Elizabeth Taylor-Todd-Fisher-Burton-Taylor-Burton-Warner-Taylor-Sinay, and Chas.

The bride, who started down the aisle at 10:31 A.M. flanked by her father and her uncle, wore a pen-de-rose ivory gown trimmed with mother-of-pearl beads. The groom, standing with the wedding party at the marble-mosaic altar, wore a navy-blue tuxedo.

The bride is a 1981 graduate of Croton-Hudson High School and is employed as a speech therapist for the Semi-Colon-Ulman Rehabilitation and Semi-Conductor Center of Croton-Hudson, specializing in hypnotherapy pronunciation. She was employed by Smith-Corona, Smith-Barney and Melville, Lynch, Pierce, Fennel and Smith before joining the staff of Semi-Colon-Ulman, where she is vice-president.

The groom, a 1978 graduate of the Raleigh-Durham Vocational School in North Carolina, is the lead singer for the rock group Twisted Mother-in-Law. The group, whose hit single, "Never-Ending Love-Hate Relationship," is currently on top of the pop-rock charts in the tri-state area, has recently performed to sellout crowds in Puerto-Rico, Spain, Fort-Louis, Haiti, Port-of-Spain, Trinidad and Tobago; Sainte-Anne-de-Beaupre, Quebec; Sainte-Mere-Eglise, France; Sainte-Marie, Madagascar; Brande-Hörckerheim, Schleswig-Holstein, West Germany; Ulan-Ude, Buryat Republic, U.S.S.R.; Richmond-upon-Thames, England; Port-Lyany, Morocco; Fort-de-France, Martinique, and St. Christopher-Nevis, as well as Croton-Hudson and Winston-Salem.

The group's upcoming concert in Muzee-Saint, Afghanistan, scheduled as part of the May-June tour, has been canceled due to escalation of the Afghan-Soviet conflict.

An unusual note about the wedding concerned the invitations, which had to be printed on television cast cards provided by CBS-TV, where Maria Shriver-Schwarzenegger, a close friend of the bride, is employed. The traditional wedding invitations were deemed too small to contain the names of the bride, the groom and their parents, as well as other pertinent information.

The ceremony lasted four-and-a-half hours. Following a trip to St. Christopher-Nevis the couple are to reside in Croton-Hudson.

The Stamford Advocate.

S.H. KHATTAK, Safat, Kuwait.

Back to Fortress America

As an American, I ask my son is serving in an attack helicopter unit near the East German border, why my brother-in-law died in the skies over Germany in 1944, why I spent four years in the military in the World War II era. What did we gain in 1917, 1941 and 1986? Let my son return to defend Fortress America. Let me spend my tourist dollars in Hawaii and Alaska. Let us put back to work our steel, aluminum and auto workers. And let us get rid of our trade deficit by eliminating the foreign auto dealerships and foreign liquor and wine outlets found in every town and village in the United States.

BILL HARRISON, London.

BFCE'S results in 1985

The Board of Directors of the BFCE met on March 19, 1986, under the Chairmanship of Michel FREYCHE, to close the accounts for the financial year ending on December 31, 1985.

Export credit outstanding decreased

The abatement noted over the past three years in large-scale contracts signed with developing countries has resulted for the first time this year in a decrease from FRF. 160 billion to 139.8 billion in export credit recorded on the asset side of the balance sheet.

While long-term loans increased by another 9.9 billion, medium-term refinancing declined by 9.6 billion. Short-term loans outstanding dropped by 20.5 billion, as companies avoided themselves of prevailing market conditions rather than this form of subsidized credit.

Stabilization of banking activity

In an environment characterized by a fall in credit demand, occurring in conjunction with an improvement in companies' cash flow and the diversification of their sources of financing, loans to French and foreign companies leveled off at a total of 35.4 billion. In foreign currency, the franc equivalent of outstanding reveals a substantial drop (down 20%), linked to the depreciation of the U.S. dollar.

Interbank and treasury operations (56.8 billion) increased by 2.2 billion, indicating a sharp upward trend in franc operations, while the countervalue in francs of foreign currency transactions was reduced, once again in connection with depreciation of the U.S. dollar.

Slight decrease in total balance sheet

but increase in net results.

The balance sheet amounted to 262 billion, as against 288 billion. The percentage represented by export credit, short, medium and long-term, was reduced from 59% to 55%.

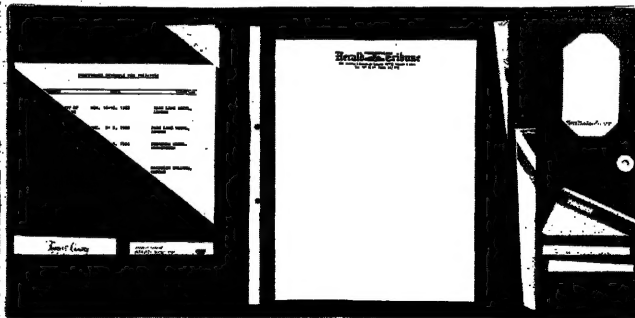
Net operating income amounted to 1,757 million and was chiefly allocated to credit-risk provision established at 444 million, after deduction of overhead, the increase of which was kept down to 3.5% this year. Provision for sovereign risk matches the level generally found in French banks, while "specific customer risk" is now covered up to 68%, as against 63% in 1984.

After allocation of provision for corporate income tax, the 1985 financial year ended with a profit of 60.2 million, up 5.8% over the previous year.

Shareholders' equity increased

Shareholders' equity and long-term resources reached a total of 5.8 billion, after a capital increase from 660 million to 1 billion through a cash contribution and the issuing of participating securities worth 700 million. Our cover of risks has thus been considerably increased, well exceeding both present requirements and the objectives laid down by the monetary authorities in this respect.

The annual Report from which the above figures have been extracted may be obtained from the "Département Etudes et Communication", Banque Française du Commerce Extérieur, 21, bd Haussmann - 75009 Paris - France.



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ARTS / LEISURE

Tout-Parisiens Lay Low in 'Calm' Season

International Herald Tribune
PARIS—The mood in Paris is a morose. Thousands of Americans are staying home and the result is near-catastrophic for the luxury trade.

Business along the Avenue Montaigne and the Rue du Faubourg Saint Honoré is down 30 to 50 percent, fashion experts say. Fashion boutiques, whose racks are usually depleted by this time of year, are still stocked to the gills.

Some boutique managers frankly admit the season is a disaster. At Valentino's, a spokesman said this was the Paris couturier's worst season ever. Fortunately for them, Valentino has other outlets. "We talked to New York today," the spokesman said, "and they're sold out."

New York right now is where the action is. The season there is in full swing and the town is jam-packed with foreigners, including a lot of Europeans looking for business openings.

Jean-Louis Scherrer, for one, flew in last week with two collaborators to see about opening a boutique in New York. The Statue of Liberty jubilee is also creating a lot of tourist activity.

At Hanae Mori's, on Avenue Montaigne, losses have been minimized by the fact that this is a small boutique. "Our neighbors who have racks after racks of merchandise are suffering more than we are," the Mori boutique manager said. "But because we have so little stock, we have been able to control our stock."

Others are more reluctant to ad-

mit that the season is bad. "Let's say it's not as good as last year—but, then, last year was exceptional," one manager said. Others also blame the cold, rainy weather and the drop in the dollar.

Fashion houses such as Ungaro and Saint Laurent said their couture season, in late January, did not

suffer since orders came in before the U.S. aid on Libya and consequent flight of Americans. "But we must admit that we feel the pinch at the boutique level," a spokesman for Ungaro said. Last year at this time the boutique was so jammed that it was next to impossible to get seated on.

The four-star hotels are suffering, too, but just how much is hard to determine. There was a rumor that whole floors had been closed at the Ritz and the Plaza Athénée because of lack of business. "Not so," said Frank Klein, president of the Ritz. "The reason I closed a floor is because we're still going through a lot of construction."

The Ritz is finishing a gallery of boutiques, an underground gym with swimming pool and sauna, and a boutique on the Place Vendôme. "Yes, we've suffered, but it's not too bad," Klein said. "We have fewer American clients and they stay three days instead of one, but we are not in as much trouble as hotels like the Sberator, who need

groups to survive. With us, the drop is from 7 to 10 percent."

Franco Cozzo, manager of the Plaza Athénée, also denied he had closed a floor and said: "We're lucky in that only 30 percent of our clientele is American. We have 40 percent of Europeans and they still travel a lot."

At lunch last week, though, the Ritz-Palace, the popular restaurant of the Plaza Athénée, was not as crowded and animated as usual. Some tables were empty and there were not the usual dozens of regulars milling around the bar waiting for a table. It was the same thing across the street at the Bar des Théâtres, a less expensive restaurant that usually turns you down if you come without a reservation.

Françoise Dumay, party-planner extraordinaire, whose assignments have ranged from Jacqueline de Ribier's post-collection dinner parties to Dior's 700-person Bal Poisson extravaganza for the launching of the house's latest perfume, said: "Paris is very calm and there are no big parties this season. Everybody is complaining—the florists, such as L'Esplanade and Monil-Savary; the famous caterers, such as Lendevy; and houses such as Coiffard, which rent equipment for big parties."

The *salon de Paris*, once a Protestant hub of social activities, is also quiet, according to the designer André Oliver and the hostess Isabelle d'Ornano. Claude Roland, who was recently voted Paris's best host by the *Gauche-Midi* magazine, said merely: "It's a calm season."

Roland maintained, "The trend among the *Tout-Parisiens* is to keep a low profile and not draw much attention. The only big ball, scheduled by Paul-Annik Weiler, was cancelled, but the dinner given by David and Olympia de Rothschild.

The accent is often political, and since the change of government in March, one of the most popular men in town has been the Finance minister, Edouard Balladur, who was guest of honor at a recent buffet dinner given by David and Olympia de Rothschild.

Outside Paris things are not much cheerier. "It's awfully quiet and very local in Rome," said the publisher and man-about-town Massimo Gargia. "The two most active houses are the Princess Donatella Pizzi-Bianchi and Maria Manzotto, who always gathers an interesting mix of political, artistic and creative people. But it all revolves around small dinners at home."

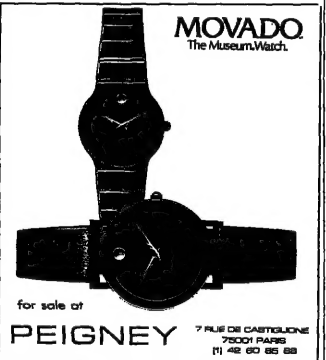
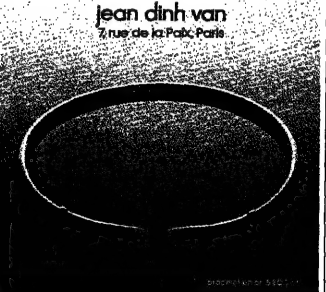
In Monte Carlo, Pierre Cardin, with the help of Princess Caroline, will launch his cruise ship *Maxima* on May 19. In Lugano on June 14, Baron Heinrich Thyssen will give a black-tie dinner after the vernissage of a Goya exhibition at his Villa Favart.

The only extravaganza this season is the 18th-century costume ball planned for June 6 by Gloria, Princess Thurn and Taxis, for the 60th birthday of her husband, Johannes, one of the richest men in Europe. The three-day celebration at their castle at Regensburg, near Munich, has been the talk of international society for months. The costume ball has about 250 people crisscrossing Europe for the right costumes. Many have gone to Tirilli, Rome's celebrated supplier for period movies.

Here too, the absence of Americans will be felt. Although the real-estate tycoon Alfred Taubman and his wife, Judy, are still coming, many, including Betty Bloomingdale and Jerry Zipkin, have reportedly cancelled.



Remembrance of parties past: Jacqueline de Ribier (above) looks pensive; David and Olympia de Rothschild (left), pictured in more social times, and Heidi and Thysen (right), who plan a dinner in honor of Goya.



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Cannes 1986 — A Hardy Survivor Soldiers On

By Thomas Quinn Curdiss

International Herald Tribune

CANNES—The Cannes film festival has demonstrated its durability. There were gloomy prophecies about its 1986 season that it would be a disaster, particularly on the part of Americans. Yet the annual event has passed without mishap and has proven a success both artistically and financially.

The overwhelming presence of American films, chairman of the Cannes Film Festival, Robert Altman, said in a speech at the opening ceremony that the festival was "a place where the world's best films meet."

Altman's "Runaway Train" and Franco Zeffirelli's "Oleolo" — both of which are in the festival — bear the stamp of the Cannes Film Festival. Altman's "Runaway Train" is a comedy about a man who is determined to go on, looking forward to the 40th anniversary of his founding, to be celebrated next year.

Joffe's "The Mission" tells of the conflict of temporal and spiritual power in 18th-century South America, where the Jesuit education of the Indians communities was halted by the Spanish and Portuguese colonial authorities. It contains some brilliant photography of jungle wilds and waterfalls.

Amos Gitai's "Barbar" has followed Racine's example and dramatized the Old Testament tale of the Jewish maiden who marries the Persian King Ahasuerus and rescues her people from threatening annihilation. The film is an Israeli production. Gitai's "Barbar" is on the New Testament for his "Sodom," which also is about a biblical story.

The world premiere of Tarkovsky's "The Sacrifice" was a memorable festival event. A poetic parable, it is there in man's quest for



continues to be the site of more sales of motion pictures than anywhere else. The Cannes festival retains the strength of a hardy survivor and is determined to go on, looking forward to the 40th anniversary of its founding, to be celebrated next year.

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spirituality in a materialistic society and his discovery of it in his renunciation of personal concerns. Gitai's "Barbar" is an Israeli production. Gitai's "Barbar" is on the New Testament for his "Sodom," which also is about a biblical story.

The Golden Palm award, representing the festival's first feature-length movie, went to Claire Devers of France for "Black and White," a movie in the parallel Perspectives in Cinema competition and not in the official running for the Golden Palm.

The Special Jury Prize went to Alain Cavalier, a French director, for "Tribute."

Jane Campion, an Australian, won the Golden Palm award for the best short film, with "Peel."

The French Cinema Superior Technical Commission awarded the prize for his Golden Palm winner "The Mission."

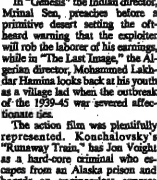
All prizes but the last are awarded by an international jury.

There is a Rousseau-esque simplicity to its uncommon treatment.

In the film market, too, there have been films seeking foreign sales that are of a high quality.

Osamu Kashi's "A Judgment in Stone," derived from the Ruth Rendell novel, contains an excellent performance by Rita Tushnet as a British housekeeper who, receiving employment in a Connecticut home, develops into a homicidal maniac when things go wrong. Another find is the Japanese "Adventures of Chazara," in which a kitten has the central role and which Masao Hata has realized with charm and sensitivity.

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TELECOMMUNICATIONS

A SPECIAL REPORT

TUESDAY, MAY 20, 1986

Page 9

Clamor Grows for Reform Of PTTs

By Jonathan Miller

WASHINGTON — Although telecommunications is usually thought of as a high-technology enterprise, the basic control of telecommunications networks in most countries is still organized on 19th-century lines.

Almost everywhere, telecommunications are provided by Post, Telephone and Telegraph (PTT) monopolies. Like the French and West German Bundespost, these

regulation in Europe is slow and painful.

In historic institutions in most cases, having grown out of old postal bureaucracies, and they have great-eyeside image to match. But the quiet days may be numbered for the PTTs. Increasingly, they are coming under the critical scrutiny of market-oriented economists and free-enterprise politicians. France, West Germany, Italy, Australia, China, India and Iceland are among the countries where debate is under way that could lead to reform of the PTTs.

The global clamor for telecommunications reform is being heartily supported by Washington, which sees the dismantling of telecommunications monopolies as a step toward participation in the global information economy.

But American officials insist that they are not trying to impose any particular new regime on other countries. Charles Lowndes, the State Department telecommunications spokesman, said: "We're not trying to tell the rest of the world to do what we're doing. We're telling them that old ways are probably counterproductive. The traditional monopoly supplier is just not good enough in this day and age."

The State Department has recently created a bureau for international telecommunications, and Assistant Secretary of State Ronald Reagan has appointed Diana Douglas, a former State Department official, to head it. She has spent months traveling around the world, giving delegations and open competition. To support her case, she also has the diversity of choices available to business and consumers in the United States.

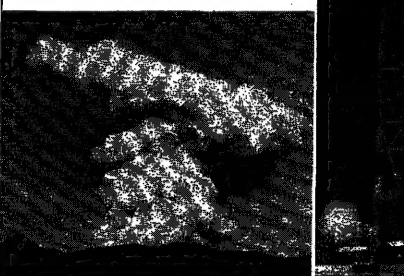
The Commerce Department has its own international telecommunications activity. The office of the U.S. trade representative has been especially active in Japan in seeking to reduce administrative barriers to the entry of U.S.-made telecommunications equipment — the Japanese currently enjoy a large monopoly in this sector. Internationally, the state of deregulation is paradoxical. While most countries have not edged toward deregulation, three of the very largest economies have engaged in a range of one sort or another.

• The United States. Although never was an official PTT, (Continued on Next Page)



A Boost for Ariane

A series of setbacks in the U.S. space program has focused commercial attention on Europe's Ariane (right, on launch pad) — now proceeding smoothly after its own launching development problems. Top, the explosion of the U.S. space shuttle Challenger in January; below, left, a Titan missile exploding in California last month and below, right, a Delta rocket carrying a satellite just before it was aborted by ground control after a malfunction.



After the Launching Setbacks, Critical Problems for Satellites

By Jonathan Sivak

PARIS — Satellite communications, after years of unparalleled growth, are running into critical problems that could severely limit their further success.

These difficulties, technical, political and economic, will become increasingly urgent in the months ahead. Among the most important are an alarming shortage of launch vehicles, stemming from the failure of three U.S. rockets this year; a mounting political and economic attack on Inmarsat and other governmental organizations that now enjoy a monopoly role in space communication; technical disagreement over satellite design, reflecting uncertainty over the economics of a new generation of costly, high-powered devices, and a potential proliferation of space-

based television channels that may produce a fight for Europe's viewers.

The failure of the National Aeronautics and Space Administration's Challenger space shuttle on Jan. 28 has taken on increased significance with the subsequent explosion on launch of an Air Force Titan 34D rocket on April 18 and the sudden engine shutdown of NASA's workhorse Delta rocket seconds after launch on May 3. The three launches, of varying weightlifting capabilities, are critical to the U.S. civil and military space effort and have plunged that effort into its biggest crisis in three decades.

NASA is left without a serviceable booster at a time when an increasing number of communications and other commercial and scientific satellites are being readied for launch. Its only alternative now is the Euro-

pean Space Agency's competitor, the Ariane, which has more business than it can handle.

"Ariane is overbooked already," said Andrea Caruso, director general of Eutelsat, the 20-nation European satellite organization.

"Between now and 1989, all slots for launching communication satellites are taken."

The shortage of launch vehicles is not likely to be remedied soon. Even if the shuttle

(Continued on Page 11)

Business Users Seek More Cost-Efficient Information Systems

By Amiel Kornel

PARIS — Telecommunications was long considered the mundane realm of engineers and government bureaucrats, a public utility hardly more interesting than a city's waterworks. But digitalization techniques, first used with computers, have transformed information into a commodity for processing, repackaging and sale. And as least times on corporate decision-making skirts, the rapid transmission of information has become a key to a company's success.

Suddenly recognized as the conduit of the new electronic mass, telecommunications services have grabbed the attention of corporate executives, as well as electronic-equipment suppliers who want to cash in on the rising demand.

Businessmen, once content with having access to modern telephone systems, are now calling for cheaper and more efficient means of international communications.

"Businessmen want the ability to develop cost-efficient networks," said Ernst Weiss, who until last month was president of the International Telecommunications User Group.

The new demands are pushing European governments to unleash market forces in this increasingly lucrative and dynamic sector. "In my mind, the PTTs have only one chance," said Theodor Irmer, director of the Consultative Committee for International Telephone and Telegraph (CCITT), the Geneva-based international standards-setting body. "They must act as a commercial organization."

Frustrated by the conservative state-run telecommunications authorities, or PTTs (for Post, Telephone and Telegraph), users are counting on the opening of telecommunications services and equipment markets to help solve their international communications problems.

"PTTs are driven by their domestic markets," said Roland Linderer, director in charge of computing and telecommunications at the Swedish carmaker Volvo. "They haven't paid much attention to the international needs of users."

The tentative liberalization efforts could determine whether or not European industry can keep up with American and Japanese competitors.

"The future looks terrible if the structure stays the same," said a European Community official in Brussels. "The key problem for the community is that services be provided to the economy at competitive quality and competitive price."

"Slowly, but steadily," said Mr. Weiss, "governments have understood the impact of telecommunications as an economic factor."

Business communications currently make up more than 50 percent of PTT revenue. While 90 percent of those business communications still come from telephones and telex, data communications are growing by 50 percent to 40 percent a year.

To match that growth, companies say they need the capacity to transmit higher volumes of data more quickly. The technologies, such as satellites and optical-fiber cable, exist, they point out. The PTTs have simply not been rushing to make them available, whether for economic or political reasons.

"The possibility for these services is there," said Mr. Linderer, "but no one is selling them."

And as users try to develop their own ways to move greater amounts of information more quickly over international borders, they stumble over standards problems and costly tariff structures that seem to bear little relationship to the cost of moving that information.

"Telecommunications is not getting cheaper," noted Mr. Linderer, "while computing services are. One reason is that international communications are quite expensive."

Computing costs have dropped roughly 100-fold since 1960 as microelectronics technology improved. But telecommunications, which have benefited from many of the same scientific advances, have continued to become more expensive. Business communications services in particular have been kept artificially high

by carriers to cross-subsidize residential telecommunications costs. In the case of the PTTs, revenues also help pay for loss-making postal systems and sometimes end up as subsidies to struggling national electronics firms.

International business communications have been hardest hit. The cost of an international leased line, a dedicated circuit rented for a flat rate on a monthly basis, is often three times more than one covering the same distance within a single country.

While manufacturers, users and government authorities have redoubled their efforts in recent years to define common standards for communications, divergences in the implementation of those standards continue to cause the communications cacophony that has irritated users of information technologies in the past.

For example, when Data General Corp. bought a \$5-million communications network, the U.S. computer maker expected little trouble in linking its offices worldwide because the network used the X25 packet-switching protocol defined by the CCITT. But variations in the way France and West Germany implement this standard made it impossible to look Europe into the network without making costly modifications.

Supporters of telecommunications deregulation are calling for testing procedures and services that are supposedly based on the same standards. "Major success for standards is only possible with proper test tools," said Werner Brodbeck, director for standards at IBM Europe.

In view of this changing scene, users are looking at

(Continued on Next Page)



Detail of a television screen showing programs available in Biarritz, the only French city with 16 cable television networks in operation. Article, page 11.

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A SPECIAL REPORT ON TELECOMMUNICATIONS

Phone Digitalization: Full Speed Ahead

By Arthur Brodsky

WASHINGTON — For the Americans and the British, it's the digital network. For the French, it's the *réseau numérique*. In either case, digitalization of telecommunications is the driving force behind the communications equipment market.

Whether the product is the large central office switch, the private branch exchange (PBX) installed in businesses or the lowly telephone sitting in utilitarian fashion on a desk, the goal of manufacturers is to make certain they can all take part in the much-heralded "information age."

To a great degree, the equipment being produced is dependent on the growing sophistication of business users, who have increasingly complex telecommunications needs, as well as the increasing sophistication of transmission media. Equipment will have to be able to function whether connected to ordinary copper wire or point-to-point fiber optics, functioning as an ordinary PBX handling voice traffic or connected to the company computer to transmit data.

The digital revolution is in full swing, particularly for the heart of the revolution: central office equipment. High-speed data transmission, videotelephony, complex switching capabilities, even local area net-

works provided within a customer's premises are all handled out of the central office. In the United States, American Telephone & Telegraph Co. and Northern Telecom are clearly the leaders, although several others, notably Siemens AG and L.M. Ericsson, are trying to carve out a market share with varying degrees of success.

As one measure of the rush to digitalization, AT&T last year shipped 6.5 million lines on its leading product, the SSS digital central office switch, double the volume in 1984. The increased SSS production is described by AT&T as "the largest, fastest, most successful product build-up in AT&T's history." Virtually all of those switches, and the software that drives them, are being sold to the former Bell System telephone companies, which, of necessity, are phasing out analog switches in favor of the more versatile digital ones.

One factor slowing the development of some of the newer services, particularly the wanted Integrated Services Digital Network, which is able to transmit voice and data simultaneously, has been the lack of software from AT&T to support some of the new services. A major criticism of the divestiture in the United States is that even though the Regional Holding Companies, the so-called "Baby Bells," are separate from AT&T, they are still

dependent to a great degree on AT&T's hardware and software. AT&T, GTE, Northern Telecom and the rest have worked for years in the United States and have adapted to American standards. Just because a switch is digital, and has good engineering, is no guarantee of success, as ITT found out the hard way. ITT spent about \$145 million to try to push its System 12 central office switch into the U.S. market. A switch that sold well around the world did not find acceptance in the United States and so ITT finally conceded defeat and left the American market.

The central office market is perhaps the best point of comparison between the United States and Europe. In the United States, the system is in a constant state of development. The Federal Communications Commission is advocating a new policy that would give virtually unlimited access to the central office switch, once held as sacred ground by telephone companies alone, to any service provider.

Switches made for sale in the United States will have to be adaptable. Even in countries becoming privatized to some degree, this "open network architecture" concept is revolutionary. In Europe, the closed market still exists and, as a result, costs for switching equipment can be much higher than in North America. As

Prof. EE M. Noam of Columbia University has written, the European ITTs have set up a "protectionist industrial coalition" that benefits both the government, as primary buyer of equipment to be connected to the network, and the manufacturers.

As Prof. Noam said, a variety of barriers are set up to protect that arrangement, including new licensing to buy foreign equipment, coordinated, if slow, technological development between PTTs and manufacturers and PTT-organized setting of equipment standards.

Without the motivating factor of demand for new services and competition to provide them, the equipment market in some countries will stagnate. The European Community has called for an ambitious \$7-billion investment over the next seven years by its members to upgrade the current telephone network and provide enhanced services, while asking members to meet a schedule of providing new services such as speed dialing and packet-switching by 1990.

A tentative agreement has been reached between the European Community and the European Conference of Postal and Telecommunications Administrations (CEPT) to have the CEPT develop minimal European standards that the EC would make mandatory. If that happens, then the market for sophisticated central office switch-

es and PBXs could be opened even to American manufacturers.

There are even cracks showing in West Germany, as a committee on competition has recommended changing the system from strict equipment control by the government.

A German delegation touring the United States found that, despite the fact that telephone rates were actually lower in the United States than in West Germany.

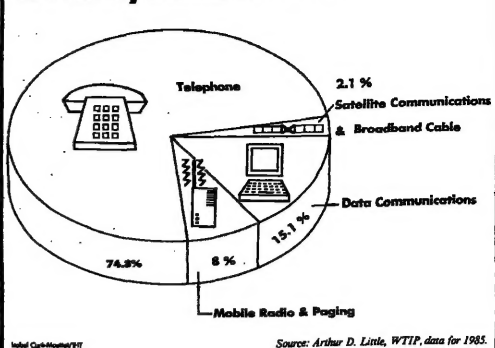
The question for the Germans, as well as for the French, is whether the public data networks in West Germany or the experimental Bitnet, videotelephony service in France would be enhanced, or hampered, by large-scale use of equipment from manufacturers other than those sanctioned by the government.

In the United States, there is still some confusion in providing services, but the technological quality has not been harmed by the infusion of non-AT&T equipment.

The trend in Europe will likely be to equipment made by joint venture companies. GTE has already joined with Inland and is attempting a similar arrangement with Siemens. AT&T has entered into several joint ventures with European firms, particularly in Italy and Spain.

The digital revolution is not confined to the United States and Europe.

World Systems Market



With the breaking of Nippon Telegraph and Telephone, the Japanese market is also opening gradually. Northern Telecom has been a big beneficiary, signing a \$250-million agreement to sell DMS-10 switches. ITT has received orders for more than 12 million lines for the

System 12 in about two dozen countries, while Alcatel noted it has set up its tenth ETO digital central office switch in India. Those orders are just the start. To get the data to the switch for distribution, there will be more need for fiber optics, microwave relays and the like. Alcatel, for example, will install a microwave link on the island of Sumatra for the Indonesian PTT. Inevitably, as digitalization spreads outward from the central office, the enhancements will end up on a desk. ROLM, the IBM subsidiary that pioneered PBX (Continued on Next Page)

Clamor to Reform PTTs

(Continued From Previous Page)

telephone service in the United States for more than 100 years the de facto monopoly of American Telephone & Telegraph Co. — the Bell System. Following the dismantling of the Bell System in 1984, the United States went to a wide-open telecommunications marketplace, with exclusive rights of access for new companies that wished to plug into the system. Today, the United States has the most advanced telecommunications economy, with a multiplicity of providers of services and equipment.

Britain. The British have taken a totally different approach to telecommunications reform. Instead of open competition, the Conservative government has created a system under which Mercury Communications Ltd., a subsidiary of Cable and Wireless PLC, has been granted an exclusive license to compete with British Telecom. British Telecom has been established as a private company after being separated from the British General Post Office.

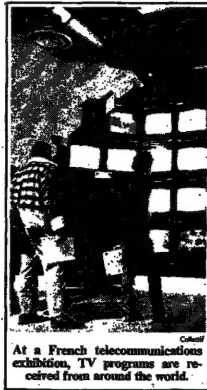
Japan. Nippon Telephone and Telegraph, formerly part of the Ministry of Posts and Telecommunications (MPT), is being gradually sold off to investors, and dozens of competitors have received licenses, including JCS, a joint venture of Matsui, C. Itoh and the Higashi

Aircraft Co. subsidiary of America's General Motors Corp.

Many experts are skeptical that this list can get very much longer. "The pressure for deregulation is strong and unrelenting, but the U.S. experience is not necessarily transferable everywhere," said Blaine Davis, vice president for strategic planning at AT&T.

Mr. Davis said that global relaxation of regulations, and the entry of new players in telecommunications markets, presents new complications. Where once British Telecom was AT&T's partner in British-American telephone and data connections, it has since additionally become a customer, by buying AT&T central-office switches, and a competitor, by having purchased Mtel, which competes with AT&T in the market for private branch exchanges. Such complexities, he suggested, are the future of telecommunications relationships.

Wilson Dizard, who tracks international telecommunications for the Georgetown University Center for Strategic and International Studies, believes that worldwide liberalization of telecommunications will move in "fits and starts" in different countries.



At a French telecommunications exhibition, TV programs are received from around the world.

Users Demanding More Cost-Efficiency

(Continued From Previous Page)

moves toward the development of the "integrated services digital network," or ISDN, with a mixture of voice and data. ISDN should bring together in a single network all the communications services, such as telephone, telefax, facsimile, data and video, that currently are transmitted separately. It would offer the high-speed, high-volume communications efficiency that business users are seeking.

In a report to be published next week, London-based market researchers IDC Europe forecast that the first country-wide ISDNs will become available in Britain and France in 1989, followed by Italy and Switzerland in 1990.

But while international ISDN standards are being defined by the CCITT, users worry that those standards may not be implemented in the same way by each country. In April, the EC Commission urged its 12 member states to develop a common program to make their future ISDN networks compatible.

In an open market, the telecommunications carriers could not remain insensitive to these international problems, users argue. "Deregulation will force service providers to sit together to work this [standards implementation] out," said Mr. Weiss.

Industrial developments could also promote communications efficiency. As equipment suppliers from different countries join forces, they will be motivated to harmonize their product offerings. "European alliances may push standardization and open up the European market," said Maria Belesario, chairwoman of the Italian telecommunications firm Italtel SpA.

Besides helping to open the market, standardization might stimulate growth in the use of international communications. "You can expect that demand will grow when standards are set," said Kees Mulder, a telecommunications consultant at IDC Europe.

This is good news for equipment suppliers. According to the EC Commission, telecommunications-related products, which equaled 15 percent of total information-technology spending in 1984, will rise to 60 percent by the year 2000. The growth is expected mostly from integrated business information systems, projected to be worth \$500 billion by the early 1990s.

The growth in the equipment market is critically dependent on the evolution of the telecommunications infrastructure. The reason is not lost on equipment suppliers, who see future money-making opportunities in being providers of networks and value-added services, such as electronic mail.

"I believe that there will be only three or four network suppliers in the next five to 10 years," said Jacques Stern, chairman of Groupe Bull, France's leading computer maker, "and they all will be computer companies." "The main need is provision of network infrastructure," said Bob Holder, vice president and managing director for Europe at AT&T International headquarters in London. "AT&T has proven that it can design, deploy and manage communications networks. So we would be in a good position to furnish communication networks to large users."

Manufacturers say that in an open market, they would be in a more flexible position to respond to business users' communications needs.

"As the environment becomes more liberal," said Mr. Holder at AT&T, "the ability for large suppliers to deal with customers on an international basis increases." He added, "Once you see that kind of open situation, the kind of service you can offer are limited by only the imagination."

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A SPECIAL REPORT ON TELECOMMUNICATIONS

Technological Advances in Fiber Optics Are Revolutionizing World Industry

By Jonathan Miller

WASHINGTON — It is easy to understand the enthusiasm of telecommunications professionals for technology of fiber optics, the new communications technology that works by shooting light — "photons" — along thin cables made of pure glass.

Fiber-optic cables lack the glare of satellites. No blazing rockets are associated with the military work of digging trenches for fiber-optic cables or hanging them poles. But what fiber optics lack in spectacle, they more than make up for with performance.

The first use of fiber optics was 1977 in Chicago, when a single cable and two telephone company of- fices with an experimental, short-range cable. By 1983, American Telephone & Telegraph Co. had used a 250-mile (402-kilometer) link between New York and Washington and was building a similar work of fiber optics.

Although fiber optics have until only been used almost exclu-

sively by telephone companies for their trunk traffic, in the United States, France, West Germany and Japan, experiments are under way to provide fiber-optic communications directly to businesses and homes.

For businesses, fiber optics offer the advantage of large capacity for telephone and data connections. For consumers, the idea is to replace both the telephone cable and the one used for cable television with a "one-wire" connection able to deliver television, telephone and data services, banking and information services.

Ultimately, an AT&T official predicted, fiber optics may be able to transmit an entire movie in just a few seconds, allowing for a "dial-up" system of television in which viewers could order programs from film libraries in which all the world's films and television programs would be stored in digital form, perhaps on computer disks.

The brief history of fiber-optic development is one of technology's biggest success stories. Fiber optics

have consistently cost less and performed better than predicted. Unlike satellites, they are not particularly effective for "point-to-multipoint" communications, such as broadcasting of television programs. But for "point-to-point" communications, such as telephony, they are the medium of choice.

The capabilities of fiber-optic cables already exceed known requirements. The initial Chicago cable should handle a few hundred telephone connections; today's fastest fiber-optic links can easily handle hundreds of thousands. In the labs are systems that transmit one billion "bits" of computer data every second.

American, Japanese and European companies are the primary suppliers of fiber-optic cables and the related connectors and amplifiers. In the United States, AT&T and Corning Glass are prominent suppliers. In West Germany, Siemens AG and Britain's Standard Telephone and Cable are among the

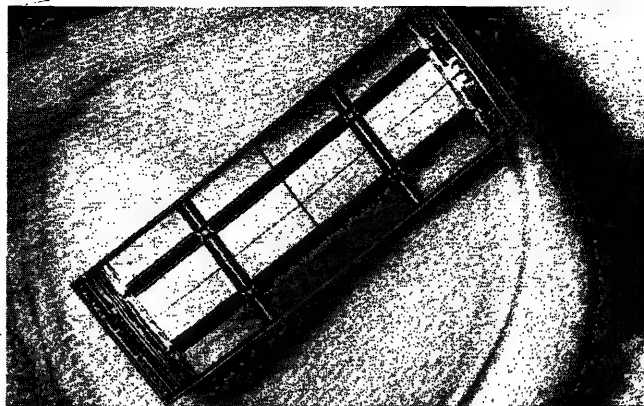
leading players in Europe, Fujitsu and NEC are prominent fiber-optic suppliers in Japan.

In the Soviet bloc, development work is reported in East Germany, where, following from astronomy and photography, there is a tradition of specialization in optics. China, South Africa and Brazil are also fostering fiber-optic industries.

The most ambitious international fiber-optic system is being built under the Atlantic Ocean by AT&T and the consortium of European telephone operating entities called the European Conference of Postal and Telecommunications Administrations.

The cable will initially be able to transmit 37,400 simultaneous telephone calls or, every second, the capacity of the current cable made from copper wire. Tens of thousands of other calls could be accommodated on reserve channels being included in the fiber-optic bundle.

A private venture called Tel-Optic in the United States has a joint venture with Britain's Cable and Wireless PLC to build a second



Smaller than a fingernail, AT&T's new computer memory chip can store more than a million bits of information.

trans-Atlantic optical cable directly between New York and London. Another major submarine cable may be constructed in the Pacific. Workers in the fiber-optic field

are excited about future prospects. They believe that, as a result of the development work already performed to produce fiber-optic communications systems, they are now

close to developing very high-speed "photonic" computers, in which new devices called "transphosphors" replace transistors. Such computers would provide

speeds of calculation superior to any existing machine. A prototype optical computer is expected to be completed this year at AT&T's Bell Labs.

As Market Waits, Regulatory Jungle Delays Cable Television Networks in Europe

By John Wolfe

WASHINGTON — The technology is in place, industry observers say. A substantial market exists. But Europe's tangled pay television boom continues to arrive slowly, due in measure, they say, to the regulatory constraints that European governments have set on would-be competitors to state-owned national broadcast

ers. Throughout Western Europe, nations are at odds that these constraints are lessening. European governments are gradually relaxing cable and satellite television licensing competition and the state-owned broadcast out-

lets situation is markedly different in the United States where a series of deregulatory actions and decisions have resulted in a free market pay television industry dominated by cable television with competition from satellite and direct-to-home satellite services.

In the United States, more than 100 million households subscribe to television services, representing 6.8 percent of all U.S. television households, according to the A.C. Nielsen Company. Communications Inc., the nation's largest cable multiple system operator, serves 3.77 million of cable subscribers, and the individual system, operated by Cable in San Diego, numbers 264,963 subscribers.

In addition, 1.5 million U.S. households receive satellite signals from backyard receiving dishes. Despite deregulation of cable in the United States has paved the way for a variety of services for subscribers as well as an industry. On the largest systems, subscribers can see from close to 100 channels of entertainment and information.

The National Cable Television Association lists nearly 40 separate cable-delivered programs, including specifically for cable and using pay movies, news, weather and religion to shopping and children's

television. The economic side, deregulation of the rates which cable pay charge subscribers has led to a booming market for



A worker installing television broadcasting cables under the streets of Paris.

cable systems, with the market value of those systems rising to nearly \$1,300 for each subscriber. The recent market resulted in well over \$1 billion in cable system sales in 1985.

As cable television gradually moves into the major cities in the United States, both system operators and programmers are shifting their attention to ways to deliver pay television to the estimated 15 million to 20 million homes in rural America that are never likely to be wired for cable. A substantial portion of those homes have already purchased backyard satellite dishes, enabling them to receive cable programming services for free.

But by the end of this year, industry experts predict that nearly every popular cable service will be scrambled, requiring backyard dish users to purchase a decoder and pay monthly fees for programming. As a result, there will likely be a jockeying for position among cable operators and programmers this year as both try to deliver a package of pay services to the rural market.

In Europe, however, the development of pay television services, particularly cable, has been slow. Structures have been put there to deliver cable, observed Tom Wheeler, a senior industry executive in Washington. "The problem is building it and getting consumer acceptance."

He added, "Building it is a political issue that you have to fight the PTT over. And getting acceptance of cable in the marketplace also runs headlong into the fact that now the new service has to compete

with a now-entrenched VCR market and at least a fledgling direct satellite business."

First Boston Corp. has estimated that roughly 7 percent of Europe's 125 million television households subscribe to cable television. Other estimates put that figure at 10 percent to 12 percent. But the number remains far short of the bullish predictions of several years ago.

Cable has managed to thrive in at least three countries — Belgium, the Netherlands and Switzerland — which account for nearly two-thirds of Europe's cable subscribers. Those countries, however, represent only 8 percent of Europe's television households.

In Belgium, nearly 81 percent of the country's 2,767,000 households subscribe to cable, according to a now-entrenched VCR market and at least a fledgling direct satellite business."

And in France, less than 2 percent of homes have cable. But in Europe's most populous countries, the numbers are not as promising. For example, in West Germany, where the Bundespost has taken the responsibility for wiring the country, barely 4 percent of homes have cable. But those homes passed by cable seem eager to subscribe to cable services. The West German government has signed more than 230,000 subscribers after seven months of operation.

In Britain, barely 6 percent of the country's estimated 21 million households subscribe to cable, and observers attribute this to government regulations that make private investments in cable systems unattractive. And in France, less than 2 percent of homes have cable.

The relatively slow expansion of cable in Europe has also resulted in slower-than-anticipated subscriber growth for the burgeoning number of European satellite-delivered programming services. There are

currently 18 signals available via satellite, but those services can only be seen by the small percentage of European homes wired for cable.

The most successful of those satellite services, Rupert Murdoch's Sky Channel, reaches 3.8 percent of European homes, or about 4.8 million subscribers. And virtually all of the satellite signals continue to originate from the United Kingdom.

Most of the satellite signals currently available originate from the United Kingdom. "The British are becoming all kinds of signals into Europe," noted Richard MacDonald, an analyst with First Boston Corp. Mr. MacDonald predicted, however, that language barriers will prevent Britain's English-language satellite channels from pre-empting similar services from flourishing on the continent.

For example, Canal Plus, the French hybrid pay/television network, is adding nearly 100,000 subscribers each month and is expected to break even when it reaches one million homes later this year.

The British government has again resurrected its DBS plans, and now hopes to have a service operational before 1990. A previous DBS consortium of 21 companies, including the BBC, disbanded when the government refused to allow the group to use a foreign satellite provider.

West Germany, Spain and the Benelux nations all plan to become active in DBS before the end of this decade. And the governments of Finland, Norway, Sweden and Iceland have announced plans to launch jointly a two-channel DBS satellite in 1987.

Mr. MacDonald of First Boston asserted that Europe will eventually bypass cable for DBS, which he predicted "will become a big business in Europe in the next two to four years." Conversely, he said, "it's going to take 20 years to fully wire Europe for cable."

Mr. Hawkins, of the IIC, however, expected DBS to serve both cable subscribers and satellite dish owners. During the first few years of DBS, he said, most homes will receive the programming through cable. "In the very long term," he predicted, "it's likely that slightly more homes will receive services via DBS than through cable."

Phone Digitalization

(Continued From Previous Page) technology and recently shipped its millionth digital phone, takes pride not only in providing speed dialing and voice mail systems, but also compatibility with computers for its desktop units. AT&T and Northern Telecom are running neck-and-neck in the PBX market, with AT&T's equipment showing strength after falling behind Northern Telecom in 1984. AT&T's new mid-sized system 75 is a strong seller, and it is expected to introduce a small-scale system by summer.

Gadgets such as voice-activated telephones, for homes, desks and even cellular telephones, are beginning to be sold in the marketplace. An experiment being conducted by Pacific Bell, might bring a television set closer to the advanced television switching system known as integrated services digital network. Project Victoria is a "black box" device connected to a home computer that divides, or multiplexes, a common line into

seven lines, two digital voice and five data channels. The device could bring to homes such futuristic services as home shopping by computer, while making it easier to have access to electronic data bases — all without the need for a modem.

And recently, a Mitsubishi subsidiary in the United States, Lema Telecom, took the system closer to the old Bell System picturephone of the 1960s, which has yet to become a commercial reality. A continuation of a project started four years ago at Alcatel, and continued when Alcatel was sold to Mitsubishi, the Lema phone transmits black and white still photos, taken from a camera in the telephone, over regular telephone wires. It takes about five seconds, with data transmitted at 1,000 bits per second. It is not yet full motion video, but the initial price of about \$1,450 is much lower than the \$50,000 cost for video equipment, and it is suitable for identifying products, plants or people.

Disagreement is mounting over the economics of the new generation of complex, high-powered satellites that are capable of beaming a television signal directly to individual home receivers. Two of these direct broadcast satellites (DBS) will be launched later this year and next year by the French and West German governments.

However, many communications specialists think that DBS will be far too expensive. They contend that the preferred alternative is simpler, medium-powered satellites that rely on a ground link

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After Setbacks, Satellite Outlook Critical

(Continued From Page 9) is to service next year, the stakes that can be expected, many states worry that it will not be communications or other

satellite. Military reserves may take all the possibilities.

Equally important is the U.S.-led attack on the favored position of the 110-nation, Inter-national Telecommunications Satellite Organization, which dominates global satellite communications. The organization's position may be controversial, but few space experts question its technical success.

President Ronald Reagan proposed in 1984 that competitive space communications system be established. The probable was an outgrowth of Reaganomics and stemmed from the rapid advances of technology combined with a trend toward deregulation that led to the breaking of the Bell System monopoly in the same year.

A communications expert said, in summing up the issue, that \$700 million "has been invested in the satellite with the objective of providing a global satellite communication system for all countries at low cost. The development, through subsidization by wealthier nations, would be assured of identical changes regardless of the distance or amount of traffic."

So far, only Peru has shown interest in setting up a separate satellite communications system. The United States, hardly offering enough traffic to make the move

economically viable. More threatening would be a trans-Atlantic link with Britain, which has already privatized its domestic telecommunications system.

More imminent is a drive to dismantle the monopoly over Europe's satellite communications exercised by Eutelsat. A privately owned Luxembourg satellite company intends to launch a satellite in 1987 that would tap the lucrative pan-European television market in competition with publicly owned systems.

Eutelsat and state communications officials fear that the Luxembourg Société Européenne de Satellite will siphon off the space communications business that they are pressuring the Luxembourg government to block it.

"It's not it never gets off the ground," said an Italian communications specialist.

Disagreement is mounting over the economics of the new generation of complex, high-powered satellites that are capable of beaming a television signal directly to individual home receivers. Two of these direct broadcast satellites (DBS) will be launched later this year and next year by the French and West German governments.

However, many communications specialists think that DBS will be far too expensive. They contend that the preferred alternative is simpler, medium-powered satellites that rely on a ground link

(coaxial cable or microwave) for retransmission. Eutelsat has opted for this approach in a \$225-million contract for a new system of communications satellites for use starting in mid-1989. Yet the European organization is hedging its bets by studying a more advanced DBS system.

So far, Britain in 1982 launched an ambitious DBS project but then abandoned it last year when financing could not be obtained. Other DBS ventures in the United States and Japan have not succeeded.

Along with these uncertainties, simple physical constraints are beginning to plague the space communications business. The problems stem from the limited number of orbital "slots" at the 22,300-mile (35,800-kilometer) altitude, a critical location that permits three stationary satellites to cover the globe. There are only 180 slots and these are rapidly filling up.

The International Telecommunications Union in Geneva is trying to work out a solution to orbital conflicts by 1988. But the problem is political and economic, as well as technical. The developing nations want guaranteed slots to avoid dependence on the Western space powers. Yet, the Western nations view these demands with deep skepticism and fear that the Third World will begin a commerce in the sale of these slots. "It's a ridiculous demand," said one European satellite specialist.

If you found this newspaper in ten years time, you could still cut the coupon for this digital exchange.

However, before you think too far ahead, let's flick the pages back a little.

To ten years ago. Back then, the telephone was at the forefront of the office. Everyone was happy with it. It did its job.

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A SPECIAL REPORT ON TELECOMMUNICATIONS

A Call for More Telephones in Third World

By Brenda Maddox

LONDON — The goal sounds both utopian and reasonable — a telephone within the reach of virtually every person in the world by the early 21st century.

The only ones who need persuading are the most interested: the international organizations and the governments of the developing countries. Both have traditionally favored more tangible projects, such as new roads, bridges, dams and airports.

And both have shared a deep-seated prejudice that, in the Third World, telecommunications expertise is a costly luxury that favors the rich and urban dwellers and does nothing for the rural poor.

Neither is true. The recent Maitland Commission report on international telecommunications development as well as independent academic studies, such as last year's "When Telephones Reach the Villages" by Dr. Heather Ekin of the University of Texas at Austin, show that telecommunications are about the best investment, developing countries can make. They are profitable and carry social costs as well.

In remote northern Ontario, according to an example given by Dr. Haddock, a former telecommunications economist with the Canadian Ministry of Communications, Indian trappers rent two-way radios to take out on the trapline. They keep in touch with their families, request help in emergencies and divert themselves in the evenings by chatting from camp to camp. They are more willing to go into the wilderness if the link to civilization is there.

Next month in Geneva, the new Center for Telecommunications Development recommended by the Maitland Commission will begin operation. By next year, the center should be able to get to work on what its chairman, Jean-Claude Delorme, president and chief executive of Telephones Canada, sees as its most important task — helping poorer countries make their case, before domestic as well as international authorities, for spending more on telecommunications.

The center will build on the findings of the Maitland Commission, led by Sir Donald Maitland, a retired British civil servant. The commission conducted a global study for the International Telecom-

munications Union of the United Nations.

It reported in January 1985 that in virtually every country in the world, excluding only the very poorest like the Sahel countries of Africa, telecommunications services pay their way, returning about 15 percent on investment every year. They also stimulate the growth of the whole economy, with rural areas benefiting even more than cities from access to up-to-date information, whether it be commodity prices, weather news or health bulletins.

The Maitland report, entitled "The Missing Link," called attention to the imbalance between the haves and the have-nots with an array of statistics:

- Ninety percent of the world's telephones are in the hands of 10 percent of its population.
- Of the world's 600 million telephones, three-quarters are in nine countries.

- There are more telephones in Tokyo than in Africa.
- Over half the world's population live in countries with less than one telephone for every 100 people.

As a first step toward correcting

this imbalance, the Maitland Commission proposed the new telecommunications center. However, a number of questions have come up about its independence and financing.

Mr. Delorme accepted the chairmanship last month. He said that the center's backers would be announced next month and that he was confident the necessary funds would be found. A number of large companies in the industrialized nations seem ready to help finance the center. The members of the center's advisory board, like Mr. Delorme, come from industry rather than government.

The big industrialized countries have a strong incentive to promote telecommunications in the Third World. All have their own manufacturers eager to move into the Third World market. American Telephone & Telegraph Co., NEC Corp., Northern Telecom, GEC, Thomson-CSF, Siemens AG, Philips, IIT Corp. and L.M. Ericsson are very development-minded. They can export their favorite products — large public telephone exchanges, microwave systems, and telephone instruments — and promote buyers the prospect of local manufacturing.

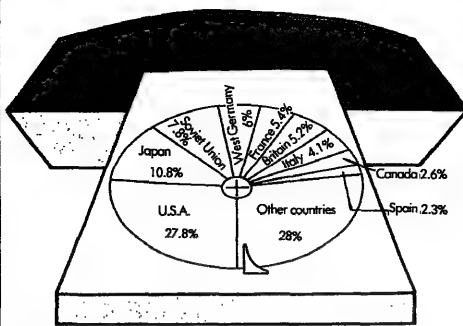
Telephone technology is ideal for transferring to countries where labor is cheap. A growth in international telephony increases the revenues to the richer countries' own telephone authorities and to IntelSat, the international satellite communications consortium in which these same countries are the greatest profit-earners.

It is perhaps no accident that Canadian names are prominent in telecommunications development. With highly successful telecommunications industries and a willingness to conquer, Canada has led the way in many communications fields, such as domestic satellites and cable television, and may in another — telecommunications development economics and planning.

The Maitland Commission estimated that \$10 million a year was necessary to stimulate the enormous volume of telecommunications projects, worth about \$12 billion a year, for the world to reach the telephone-per-village standard early in the next century.

Mr. Delorme, however, thinks that \$10 million a year may not be necessary. "With a small efficient staff, we may be able to contribute what has been lacking," he said.

Where the Telephones Are



72 percent of the world's 424 million access lines are concentrated in nine countries.

Source: Arthur D. Little, WTP

IntelSat has its own program to study ways of using the revenues from lucrative satellite routes to subsidize the lightly used Third World links.

Mr. Delorme is confident that the center can complement the International Telecommunication Union's work without being swallowed up by it and avoid conflict with the more politicized International Program for the Development of Communications of the United Nations Educational, Scientific and Cultural Organization.

Integrated Digital Networks: Questions on Cost and Worth

By Eli M. Noam

NEW YORK — Investment decisions on the next generation of "integrated services digital networks," or ISDN, have been made almost entirely within a "post-industrial complex" of engineering bureaucracies in government and equipment firms. The basic idea behind ISDN is sound, but its cost, benefits, and implications for national telecommunications policies need more of an airing.

The discussion is not helped by the slipperiness of the concept. ISDN is first, an upgrading of the telecommunications network by digitizing it all the way to the end user. This continues the replacement of analog telephone technology by the digital system spawned by the computer. It makes possible more powerful transmission flows of data, documents and pictures.

As long as ISDN simply implies digitization, it is hard to find fault with this development. ISDN, however, is more than an upgrading. It is part of an administrative strategy to consolidate telecommunications into one standardized network at a time when the concept of a unified and monopolistic net-

work is increasingly being questioned on economic and political grounds.

"Integration" is not simply an exercise of technology, but also one of control over the nature of a country's telecommunications system. From the engineer's perspective, the unified system is a more elegant technical solution than the duplication of separate networks. And yet, the avoidance of duplication is not all there is to efficiency. Since Adam Smith, economists have believed that the inefficiency of monopoly more than offsets the benefits of economies of scale, and that specialization tends to enhance productivity and innovation.

Consequently, in the United States, the policies of diversification and deregulation have sacrificed the economies of large size and integration in favor of competition and have opted for a segmentation of networks rather than for centralization.

The concept of ISDN, by itself, does not require monopoly. There could be multiple and competing ISDNs. However, usage has, at least for the governmental telephone authorities (PTTs), implied a *de facto* exclusivity; after all, the

abolition of duplicative networks is stressed as a main goal of integration.

In Europe, a coalition of bureaucracy and equipment manufacturers is evident on ISDN, and for good reason. In most European countries, the segmentation of telecommunications in the decades following World War II had kept telephone authorities busy and manufacturers profitable. But by the early 1980s, most households had been connected. At this point, accelerated replacement rather than simple expansion had to be the motor for domestic sales.

An ambitious program of upgrading, such as ISDN, is just the right prescription for future equipment procurement. Thus, it is not surprising that there is a distinct "supply-drive" to ISDN. Large users have needed ISDN as "functions subscribers don't need" and worried about the continued availability of leased lines, at flat rates, for their private networks. And small users have shown scant interest.

In the United States, the idea of centralized telecommunications was never palatable. AT&T, even in its heyday, shared the field with

more than a thousand independent telephone companies, and with specialized domestic and international carriers. Deregulation and divestiture encouraged the segmentation of the general network by permitting, first, alternative long-distance carriers, and, more recently, also of rival local "bypass" transmission. This is accelerated by the emergence of resellers of such local bypass services (shared tenant services). The trend has now led to yet another and still more radical approach that is little known outside Washington, the concept of open network architecture.

Open network architecture breaks down network components by unbundling all central exchange functions of local carriers into fundamental building blocks, which are made available to all users and resellers alike. Where any of the blocks would be obtained more cheaply or easily from another supplier, they can be substituted and combined with blocks of the local exchange company. Competition, and resale would thus exist for the various functions of the exchange switch. This is a radical reversal of past practice, where the established telephone carriers tried to prevent

any reselling. Now, they aim to profit from it, and, not coincidentally, to use it as an argument for their own deregulation.

In technical terms, the open network approach is not contradictory to ISDN since an ISDN operator could similarly provide for the subdivision of its functions, permitting various configurations and resale to third parties. This is likely to happen in the United States. But the ISDN concept as seen by its PTT champions is very different.

Thus, the United States and many of the PTT countries are embarked on fundamentally different paths, exemplified by the ISDN and open network concepts.

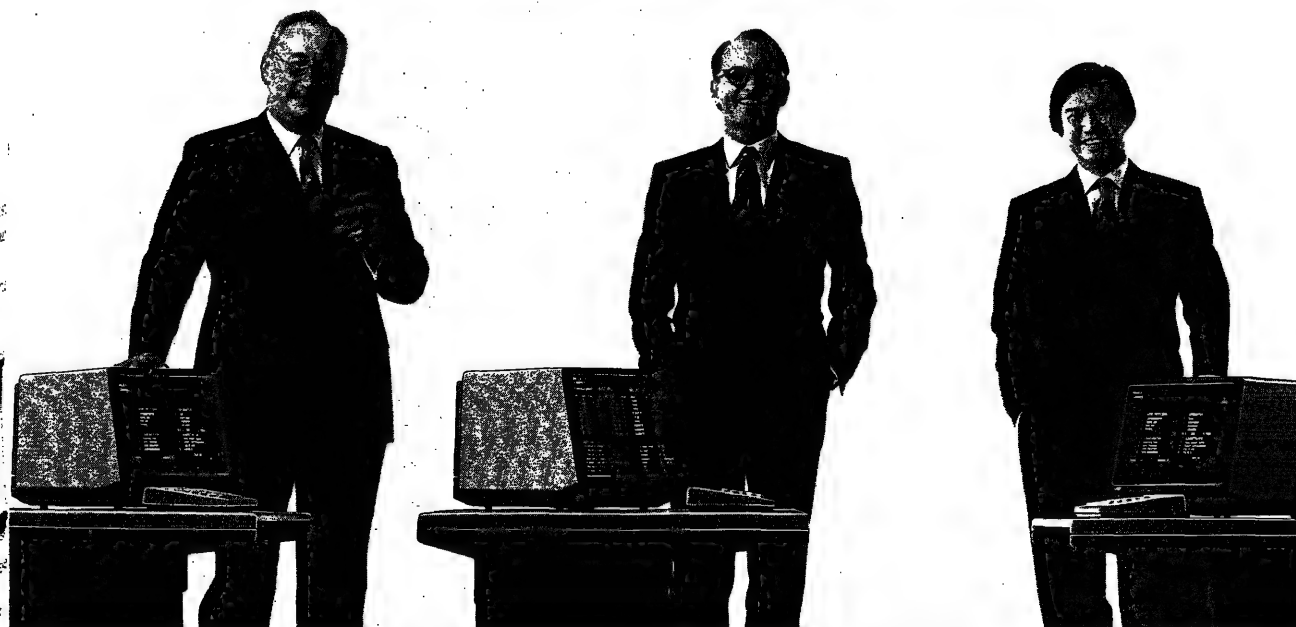
Where will the road lead to? Even without going as far as the United States has in segmentation, it is hard to imagine that tight control can be the governing principle of communications in the future. In

the last two decades, the general trend toward a services-based economy has vastly enlarged the significance and variety of information in the production process. This makes it difficult for any one organization, as effective as it may be, to be solely in charge of the giant task of transmission and distribution of electronic information. To continue to do so imposes an increasing cost on the rest of the economy.

The PTTs have clouded this simple conclusion by transforming, in the public mind, telecommunications policy issues into those of social policy and presenting themselves as the indispensable trustees of affordable universal service. But one should be able to conceive of alternative methods of subsidizing worthy and needy users. This would permit society to reap the technological benefits of ISDN, while relaxing the institutional rigidity behind it.

The author, a professor at the Columbia Business School, is presently completing a manuscript, "Telecommunications in Europe."

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A SPECIAL REPORT ON TELECOMMUNICATIONS

European Deregulation: Slow, Painful

By Jonathan Spivak

PARIS — The winds of capitalism, competition and change are sweeping through Western Europe's telecommunications monopolies. But deregulation will come painfully and slowly, government officials say.

"There is no longer a question whether we are going to be deregulated," insisted a French Post and Telecommunications official. "The real issue is how much, how quickly."

The pressures come from many sides — the U.S. breakup of the Bell System, the privatization of British Telecom, the arrival of a conservative government in France and the inexorable march of technology. But strong resistance is also arising from the entrenched political forces, particularly the over-stuffed Post, Telephone and Telegraph (PTT) monopolies, their powerful civil service unions and the domestic electronic firms that profit from protected markets at home.

These conflicting pressures are leading to the following results: the split-off of state PTTs into semi-independent organizations with greater political freedom; the initial deregulation of some secondary telecommunications services, such as electronic mail; the opening of domestic telecommunications markets to foreign manufacturers, in-

cluding the probable entry of the American Telephone & Telegraph Co. into the big French market; and, ultimately, large-scale competition in all forms of telecommunications.

Even now, free-market forces are intruding in the once tightly controlled realm of government PTTs. For example, the French government is losing its trans-Atlantic telecommunications business to British Telecom in London, whose rates to the United States are much lower. Technology allows the multinationals to route their traffic to or from France by way of London, leaving the French PTT only the London-Paris revenue. To meet the problem, France has lowered its trans-Atlantic tariffs and is looking for a tie-in with U.S. phone independents.

The future of PTT regulatory policy in Europe probably rests in France and West Germany, which are pursuing different paths. France is moving toward deregulation and could approach the entrepreneurial state of Britain, which privatized the telecommunications business last year. In contrast, West Germany, with its solid, state-run PTT (the Bundespost) and entrenched unions, is resisting change. Its rigid telecommunications requirements are said to have led several multinationals to locate in the Netherlands, where the rules are more liberal.

In France, Prime Minister Jacques Chirac, who took power March 16, is expected to cautiously loosen state control of telecommunications. His state secretary for the PTT, Gerard Longuet, is trying to rationalize the telecommunications rate structure as a preliminary to giving it a politically independent status.

If rates can be straightened out so that cross-subsidies — money-making services paying for money-losing activities — are stopped, the French PTT would begin to pay value-added or sales and corporate taxes as a semi-independent entity. These would come to about 18 billion francs (\$2.57 billion) a year.

With greater political freedom, the French telecommunications agency would probably begin by deregulating the auxiliary, or so-called value-added, services, like electronic mail or message forwarding services.

In West Germany, the Bundespost has managed to restrain any moves toward open competition, except the most mild and modest, such as allowing outside equipment connections. The Bundespost's strength comes from its huge work force. Now, new moves in telecommunications policy are awaiting the results of a governmental commission of inquiry that is to report at the end of next year. PTT-created national barriers against the sales of telecommunications

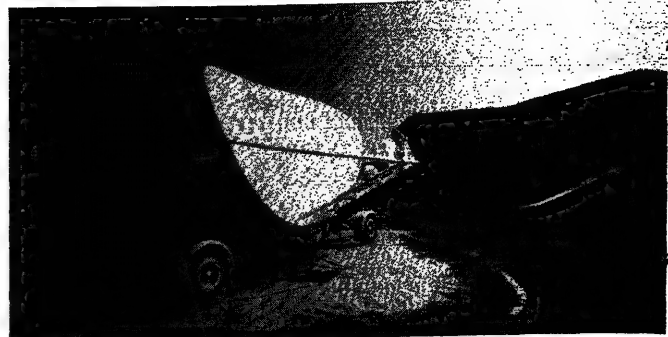
equipment are also being lowered through competition and deregulation. But as with other aspects of public telecommunications policy, changes are likely to be slow.

European PTTs tend to close their domestic markets to foreign telecommunications suppliers on the theory that state monopolies are cheaper and produce a stronger domestic electronic industry.

Here again, the conservative Chirac government appears prepared to take the lead in opening Europe's domestic markets to American and other equipment suppliers by inviting in the U.S. giant, AT&T. The French decision is being watched closely by other European PTTs and could nudge them toward more liberal economic policies.

Waiting in the wings for European telecommunications business are the other big suppliers, including Sweden's L.M. Ericsson, Italy's state-owned Italtel, the British General Electric Co. and West Germany's Siemens AG.

Officials of the European Community have already decreed that 10 percent of every member nation's domestic telecommunications market should be opened to foreign suppliers. The European Commission is also supporting research and planning for an advanced telephone switching network.



A satellite dish antenna mounted on a truck.

Direct TV Broadcasts: Definition Needed

LONDON — Ever since the international definition for direct-to-home satellite broadcasting was drawn up in the 1970s, countries on both sides of the Atlantic have been squaring to live under the wording they thought they wanted. The distinctions between broadcasting and telecommunications satellites now are surrealistic. Technology has moved ahead. Improvements in reception techniques have meant that signals

from telecommunications satellites can be picked up by quite small and increasingly cheap receivers. And these signals, as was not foreseen in the World Administrative Radio Conference rules of 1977, are carrying entertainment, films and news — the stuff of broadcast services — rather than the dry data of telephone and computer communications as had been expected.

Technical improvements also mean that signals from a true DSB

will be able to be picked up by small dishes across enormous regions. Europe's national DSB, even from a country as far west as Ireland, will be receivable from Iceland to the United States.

But the direct broadcast satellites are very expensive and no one is sure whether audiences will pay for these new television channels.

Because of the uncertain return, many DSB projects have foundered.

Nonetheless, many are under construction. The European Space Agency expects that by 1990 there will be four systems aloft in Europe — French, German, Swedish and an Irish or a British system, single or in partnership. There should be 19 operating channels. But will they be "broadcasting"?

In the United States, the Federal Communications Commission has two rulings to make on this question.

Last fall, the appeals court in the District of Columbia asked the commission to say how it defined, for purposes of regulation, the services that a DSB will provide. According to the Communications Act of 1934, a broadcaster is someone who scatters his signal, welcoming all who can pick it up. Yet, the court pointed out, DSB services are intended to be received

only for people who have the special equipment to receive them and who may be a restricted group, such as subscribers who pay a monthly fee. Looked at that way, DSB will not be broadcasting at all.

On the other hand, if it is, then should not its operators be subject to the same requirements on political fairness and equal access that fall upon television channels?

The FCC should give an answer soon to these questions.

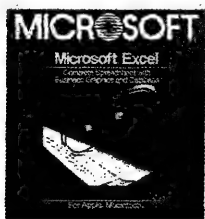
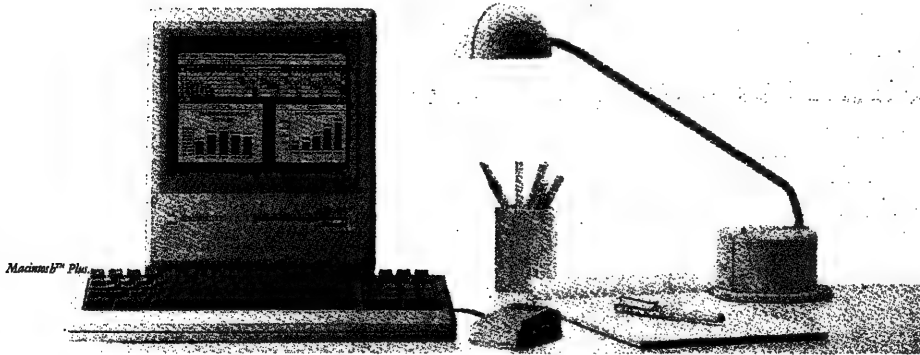
Meanwhile, the commission has been asked a more pressing and practical question. May satellite operators use the DSB frequencies for nonbroadcast services like business communications?

The dilemma is not just an American one. In Europe, two studies by the European Space Agency show that DSB could be a powerful means of delivering video information services to homes and small businesses — corporate business conferences, for example. But the regulatory restraints on using broadcast frequencies for private purposes would prevent this.

All European countries with DSB ambitions, therefore, will be watching the FCC's decisions with great interest to see if and how the Americans can take the "B" out of DSB.

—BRENDA MADDOX

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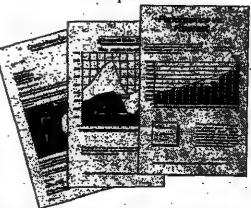
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Dish Industry Growing Despite Launch Setback

WASHINGTON — How big will the satellite industry grow? "I think there'll be a dish on top of every building in the world," said Sidney Topol, chairman of Scientific Atlanta, a Georgia-based manufacturer of satellite equipment.

Mr. Topol and his colleagues in the satellite industry are filled with a new optimism. Despite the recent problems of satellite launchers, business has never been better. The glut of satellite capacity has been replaced by a scarcity, particularly of the higher-powered satellites that are capable of serving small dishes.

Mr. Topol said that he is not worried that fiber optics will tangle the market for satellite equipment, although he admitted that when the need is for telephone circuits on heavily trafficked routes, fibers will prevail. Where satellites excel, he asserted, is in "asymmetrical" networks — applications like broadcasting and specialized data links.

Americans have been the pioneers in finding new uses for satellites. More than a million American homes have dishes in their backyards, and hundreds of thousands of businesses have dishes on their premises.

But the trend is becoming international. The Meridian Hotel in Paris has eight dishes on its roof, receiving television from West Germany, Britain, the Soviet Union and Saudi Arabia. Other countries in Europe and Asia are also installing dishes. Dishes are now being sold in both West Germany and Britain and are being sold at Harrogate in London. Other countries have different licensing requirements and the dishes' legal status in much of the world is unclear.

Dishes made of chicken wire are appearing in remote Indian villages, bringing news and education to the illiterate. They even have become status symbols. Millions of dishes on their roofs; President Ronald Reagan takes a collapsible model with him when he goes on trips.

The hot item in satellite communications, apart from television, is the VSAT, or the compact transmitting and receiving dish. It is expected to grow into an enormous business. VSATs are being used in many ways in the United States. They broadcast data — The Associated Press and Reuters send out their news wire via satellite — and are used in the creation of corporate television networks. JC Penney, for example, uses a VSAT to keep its field staff in touch with trends and retailing techniques. They are also being used to "close the gap" between point-of-sale terminals and centralized management information systems.

The most popular kind of dish is a saucer-shaped television antenna. The Television Receive-Only (TVRO). Most of the two million TVROs sold in the United States in the past five years, at an average cost of \$2,500, have had to have antennas diameters of six to 10 feet (two to three meters) in order to pick up the relatively weak signals from the first generation of domestic satellites.

The newer satellites are able to transmit satellite pictures into dishes of three feet or less, costing less than \$1,000. Some believe that within a year, as more powerful satellites are launched, satellite dishes will be about two feet in diameter and cost less than \$500.

In the United States, Congress has been asked by dish manufacturers and dealers to regulate the price charged by cable programmers. The issue arose this spring when Home Box Office began to electronically scramble its satellite transmissions. The idea was to start collecting money from the individual dish owners who had been watching the programs for free while cable television subscribers were paying for the same service. Congress has held hearings but has not taken any action on the scrambling issue has helped depress the sales of satellite dishes.

—JONATHAN MILLER

CONTRIBUTORS

ARTHUR BRODSKY is senior editor of Communications Daily, a service of Television Digest Inc.

AMIEL KORNEL, a Paris-based journalist, is the European editor for Computerworld Communications.

BRENDA MADDOX is a London-based freelance journalist specializing in telecommunications and aerospace.

JONATHAN MILLER is a Washington-based freelance journalist specializing in telecommunications and aerospace.

ELIM NOAM is a professor at the Columbia Business School and director of its Center for Telecommunications and Information Systems. His books include the edited volumes *Telecommunications: Today and Tomorrow*, *Video Media Competition: Economics, Regulation, and Technology*. He is presently completing a monograph, *Telecommunications in Europe*.

JONATHAN SPIVAK is a freelance journalist specializing in science and technology.

JOHN WOLFE is the Washington bureau chief of Cablevision Magazine.

NYSE Slips in Very Light Trade

United Fruit International
NEW YORK — The New York Stock Exchange finished narrowly lower Monday in the lightest trading in four months.
 The Dow Jones industrial average lost 1.62, to 1,738.18, and losing issues outpaced winners. However, market indexes strengthened, however. The NYSE composite index rose 0.15 to 1,324.70. Standard & Poor's 500-stock index added 0.4 to 233.20, and the price of an average share rose 5 cents.

Board volume was 85.8 million shares, compared with 113.3 million on Friday. It was the lightest trading since Jan. 20, when 85.3 million shares changed hands.

"This is like water torture," said Hugh Johnson, head of the investment policy committee at First Albany Corp. "The market is restless and friendless."

But analysts said even without an identifiably negative development, the market was vulnerable to selling.

Traders are impatient, lost, and they get skittish when things go sour," Mr. Johnson said.

Merrill Lynch's Market Letter called the

market's performance of the last two weeks a "stumble and stall" affair.

The revival of income-tax legislation injected uncertainties into a market still digesting an unusually strong advance, said Anne Gregory, the letter's publisher.

She said the leveling of key interest rates and advances in oil prices had also been inhibiting the market's performance.

Crude oil prices on the New York Mercantile Exchange closed above \$17 a barrel Monday for the first time in more than three months.

The Federal Open Market Committee, the policy-making arm of the Federal Reserve Board, is to meet Tuesday, and most analysts believe that continued weakness in the dollar makes it unlikely that it will vote to encourage lower interest rates.

Phillips Petroleum was the most active NYSE-listed issue, adding 6 to 20 1/2.

Despite IBM's weakness, some technology issues improved. Gray Research jumped 1 1/2 to 8 1/2, Sperry added 1/2 to 7 3/4, Hewlett-Packard rose 1/4 to 4 3/4 and NCR jumped 1 1/4 to 51 1/4.

High	Low	Open	Close	Change
1740	1738	1739	1738	-1.62
1325	1324	1324	1325	+0.15
233	233	233	233	+0.40

High	Low	Open	Close	Change
20 1/2	20 1/2	20 1/2	20 1/2	+6.00
8 1/2	8 1/2	8 1/2	8 1/2	+1 1/2
7 3/4	7 3/4	7 3/4	7 3/4	+1/2

High	Low	Open	Close	Change
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1325	1324	1324	1325	+0.15
233	233	233	233	+0.40

High	Low	Open	Close	Change
20 1/2	20 1/2	20 1/2	20 1/2	+6.00
8 1/2	8 1/2	8 1/2	8 1/2	+1 1/2
7 3/4	7 3/4	7 3/4	7 3/4	+1/2

High	Low	Open	Close	Change
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High	Low	Open	Close	Change
20 1/2	20 1/2	20 1/2	20 1/2	+6.00
8 1/2	8 1/2	8 1/2	8 1/2	+1 1/2
7 3/4	7 3/4	7 3/4	7 3/4	+1/2

High	Low	Open	Close	Change
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High	Low	Open	Close	Change
20 1/2	20 1/2	20 1/2	20 1/2	+6.00
8 1/2	8 1/2	8 1/2	8 1/2	+1 1/2
7 3/4	7 3/4	7 3/4	7 3/4	+1/2

High	Low	Open	Close	Change
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1325	1324	1324	1325	+0.15
233	233	233	233	+0.40

High	Low	Open	Close	Change
20 1/2	20 1/2	20 1/2	20 1/2	+6.00
8 1/2	8 1/2	8 1/2	8 1/2	+1 1/2
7 3/4	7 3/4	7 3/4	7 3/4	+1/2

High	Low	Open	Close	Change
1740	1738	1739	1738	-1.62
1325	1324	1324	1325	+0.15
233	233	233	233	+0.40

High	Low	Open	Close	Change
20 1/2	20 1/2	20 1/2	20 1/2	+6.00
8 1/2	8 1/2	8 1/2	8 1/2	+1 1/2
7 3/4	7 3/4	7 3/4	7 3/4	+1/2

High	Low	Open	Close	Change
1740	1738	1739	1738	-1.62
1325	1324	1324	1325	+0.15
233	233	233	233	+0.40

High	Low	Open	Close	Change
------	-----	------	-------	--------

(Continued on next left-hand page)

We designed the 9800 to grow the way your business grows.

Most businesses don't grow by leaps and bounds.

They grow gradually.

But if you need to add to your mainframe gradually, to keep up with your business, you're in trouble.

You may have to spend a lot more money than you want, buying a lot more computer than you need.

Well, NCR is changing that.

If you have an NCR 9800, you can expand your system in smaller slices than with any conventional mainframe.

And you can custom-fit the 9800 with job-specific modules.

Which means, it doesn't matter if you do more on-line transaction processing, or more batch processing, the 9800 does both more efficiently than other systems.

And that can save huge amounts of money.

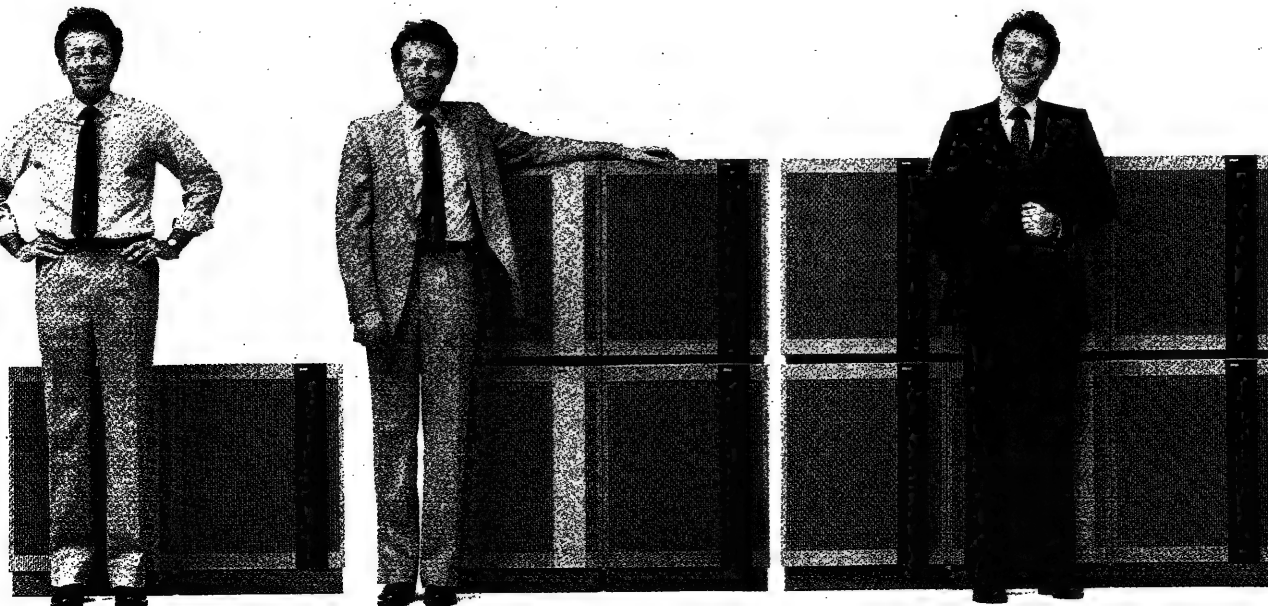
So, if you're a growing company, the 9800 can help keep you growing.

Why are we telling you all this?

We want to keep growing, too.

For more information, contact your local NCR representative.

NCR 9800 The evolution
of the mainframe.

NCR

(Continued)

1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100

[illegible][illegible][illegible][illegible][illegible][illegible]

Borders	1,745,000	1,754
C.I. Pictures	119,000	1,274
Com. Research Bureau	21,140	1,274
Music: 1931-1932	18,191	1,274
5-preliminary; 1-final		
Borders: 1931-1932	18,191	1,274
Dow Jones: 1931-1932	Dec. 31, 1932	

res		Dividends	
May 19	Year	Company	Per And Per
5.20	1932	General	INITIAL
5.20	1931	Consolidated	INITIAL
5.20	1930	Consolidated	INITIAL
5.20	1929	Consolidated	INITIAL
5.20	1928	Consolidated	INITIAL
5.20	1927	Consolidated	INITIAL
5.20	1926	Consolidated	INITIAL
5.20	1925	Consolidated	INITIAL
5.20	1924	Consolidated	INITIAL
5.20	1923	Consolidated	INITIAL
5.20	1922	Consolidated	INITIAL
5.20	1921	Consolidated	INITIAL
5.20	1920	Consolidated	INITIAL
5.20	1919	Consolidated	INITIAL
5.20	1918	Consolidated	INITIAL
5.20	1917	Consolidated	INITIAL
5.20	1916	Consolidated	INITIAL
5.20	1915	Consolidated	INITIAL
5.20	1914	Consolidated	INITIAL
5.20	1913	Consolidated	INITIAL
5.20	1912	Consolidated	INITIAL
5.20	1911	Consolidated	INITIAL
5.20	1910	Consolidated	INITIAL
5.20	1909	Consolidated	INITIAL
5.20	1908	Consolidated	INITIAL
5.20	1907	Consolidated	INITIAL
5.20	1906	Consolidated	INITIAL
5.20	1905	Consolidated	INITIAL
5.20	1904	Consolidated	INITIAL
5.20	1903	Consolidated	INITIAL
5.20	1902	Consolidated	INITIAL
5.20	1901	Consolidated	INITIAL
5.20	1900	Consolidated	INITIAL
5.20	1899	Consolidated	INITIAL
5.20	1898	Consolidated	INITIAL
5.20	1897	Consolidated	INITIAL
5.20	1896	Consolidated	INITIAL
5.20	1895	Consolidated	INITIAL
5.20	1894	Consolidated	INITIAL
5.20	1893	Consolidated	INITIAL
5.20	1892	Consolidated	INITIAL
5.20	1891	Consolidated	INITIAL
5.20	1890	Consolidated	INITIAL
5.20	1889	Consolidated	INITIAL
5.20	1888	Consolidated	INITIAL
5.20	1887	Consolidated	INITIAL
5.20	1886	Consolidated	INITIAL
5.20	1885	Consolidated	INITIAL
5.20	1884	Consolidated	INITIAL
5.20	1883	Consolidated	INITIAL
5.20	1882	Consolidated	INITIAL
5.20	1881	Consolidated	INITIAL
5.20	1880	Consolidated	INITIAL
5.20	1879	Consolidated	INITIAL
5.20	1878	Consolidated	INITIAL
5.20	1877	Consolidated	INITIAL
5.20	1876	Consolidated	INITIAL
5.20	1875	Consolidated	INITIAL
5.20	1874	Consolidated	INITIAL
5.20	1873	Consolidated	INITIAL
5.20	1872	Consolidated	INITIAL
5.20	1871	Consolidated	INITIAL
5.20	1870	Consolidated	INITIAL
5.20	1869	Consolidated	INITIAL
5.20	1868	Consolidated	INITIAL
5.20	1867	Consolidated	INITIAL
5.20	1866	Consolidated	INITIAL
5.20	1865	Consolidated	INITIAL
5.20	1864	Consolidated	INITIAL
5.20	1863	Consolidated	INITIAL
5.20	1862	Consolidated	INITIAL
5.20	1861	Consolidated	INITIAL
5.20	1860	Consolidated	INITIAL
5.20	1859	Consolidated	INITIAL
5.20	1858	Consolidated	INITIAL
5.20	1857	Consolidated	INITIAL
5.20	1856	Consolidated	INITIAL
5.20	1855	Consolidated	INITIAL
5.20	1854	Consolidated	INITIAL
5.20	1853	Consolidated	INITIAL
5.20	1852	Consolidated	INITIAL
5.20	1851	Consolidated	INITIAL
5.20	1850	Consolidated	INITIAL
5.20	1849	Consolidated	INITIAL
5.20	1848	Consolidated	INITIAL
5.20	1847	Consolidated	INITIAL
5.20	1846	Consolidated	INITIAL
5.20	1845	Consolidated	INITIAL
5.20	1844	Consolidated	INITIAL
5.20	1843	Consolidated	INITIAL
5.20	1842	Consolidated	INITIAL

Company Results

Revenues and profits or losses, in millions, are in brackets; currencies unless otherwise indicated.

Australia

ANZ Banking Group
 1st Half: 1986 1985
 Revenues: 1,016 1,005
 Prof. Sh. Inc.: 12.36 12.43
 Div. Per Sh.: 1.00 1.00

Britain

Asa, British Foods
 1st Half: 1986 1985
 Revenues: 1,760 1,794
 Prof. Sh. Inc.: 1.00 1.00
 Div. Per Sh.: 1.37 1.37

United States

Chrysler-Huayshi
 1st Quarter: 1986 1985
 Revenues: 1,000 1,000
 Prof. Sh. Inc.: 1.6 1.1
 Div. Per Sh.: 1.00 1.00
1986 net includes charge of \$100 million for asset impairment

Danco
 1st Half: 1986 1985
 Revenues: 1,000 1,000
 Prof. Sh. Inc.: 0.34 0.34
 Div. Per Sh.: 1.00 1.00

Domination
 1st Half: 1986 1985
 Revenues: 79.7 79.7
 Prof. Sh. Inc.: 2.7 2.7
 Div. Per Sh.: 0.38 0.38

Harvest-Packard
 2nd Quarter: 1986 1985
 Revenues: 16.0 16.0
 Prof. Sh. Inc.: 16.3 16.3
 Div. Per Sh.: 0.24 0.24

1st Half:
 Revenues: 1986 1985
 Prof. Sh. Inc.: 1986 1985
 Div. Per Sh.: 1986 1985

Harrel (Gos. A.)
 1st Half: 1986 1985
 Revenues: 1,000 1,000
 Prof. Sh. Inc.: 0.57 0.57
 Div. Per Sh.: 1.00 1.00

K Mart
 1st Quarter: 1986 1985
 Revenues: 5,315 5,315
 Prof. Sh. Inc.: 1.00 1.00
 Div. Per Sh.: 0.72 0.72
1986 net includes loss of \$100 million for asset impairment

Long Island Light
 1st Half: 1986 1985
 Revenues: 1,000 1,000
 Prof. Sh. Inc.: 0.97 0.97
 Div. Per Sh.: 0.97 0.97

Lovvrie Foods
 1st Half: 1986 1985
 Revenues: 114.3 114.3
 Prof. Sh. Inc.: 1.00 1.00
 Div. Per Sh.: 0.37 0.37

1st Half:
 Revenues: 1986 1985
 Prof. Sh. Inc.: 1986 1985
 Div. Per Sh.: 1986 1985

Summers Associates
 1st Quarter: 1986 1985
 Revenues: 1,000 1,000
 Prof. Sh. Inc.: 1.00 1.00
 Div. Per Sh.: 1.00 1.00

1st Half:
 Revenues: 1986 1985
 Prof. Sh. Inc.: 1986 1985
 Div. Per Sh.: 1986 1985

Oil-Rig Activity in U.S. Drops to a 43-Year Low

Reuters

HOUSTON — The decline in U.S. oil drilling and associated activity to the number of rotary rigs operating in the week ended Monday fell to the lowest since February 1943.

Hughes Tool Co., which publishes the weekly survey of the U.S. industry, said 48 fewer land rigs and four fewer offshore rigs were operating. In the comparable week a year ago the U.S. rig count stood at 629, the first-ended week in Texas and Oklahoma posted decreases of 16 and 14 rigs respectively.

Canada had 37 active rigs, one more than a year earlier but far below the 179 a year ago.

Saudi Oil Output Slips, Recovers

Reuters

MANAMA, Bahrain — Saudi Arabia's oil output slipped in the first half of May to below 4 million barrels per day, but was rising the second half of the month, industry sources in the Gulf said Monday.

They said output in April was between 4.4 million and 4.5 million barrels per day, excluding production from the neutral zone. In May, the sources said, apparently because of fears about Iranian attacks on tankers using Saudi ports,

	Discount		Yield
	Bid	Offer	
3-month bill	6.92	6.23	6.48
6-month bill	6.99	6.37	6.58
1-year bill	6.98	6.54	6.99

	Bid	Offer	Yield
28-yr. bond	94 25/32	94 22/32	7.71

Source: Salomon Brothers.

MARTIN LUTHER TREASURY INDEX: 146.01
 Change for the day: +0.52
 American index: 736.76
 Source: MARTIN LUTHER

Prev. Yield	DM Futures Options
6.39	
6.53	
6.70	
Prev. Yield	
7.63	

Strike	Delta	Gamma	Vega	Theta	Rho
40	0.25	0.16	0.24	0.10	0.09
41	0.28	0.16	0.24	0.09	0.09
42	0.32	0.14	0.24	0.08	0.09
43	0.36	0.12	0.23	0.07	0.09
44	0.40	0.10	0.22	0.06	0.09
45	0.44	0.08	0.21	0.05	0.09

Implied Vol: 16.50
 Greeks: PDI: 0.220; open Int: 20.545
 PDI: 7.71; WAFI open Int: 64.521
 Source: CME

[illegible]

70	752.00	752.00
70	756.00	756.00
70	760.00	760.00
70	764.00	764.00
70	768.00	768.00
70	772.00	772.00
70	776.00	776.00
70	780.00	780.00
70	784.00	784.00
70	788.00	788.00
70	792.00	792.00
70	796.00	796.00
70	800.00	800.00
70	804.00	804.00
70	808.00	808.00
70	812.00	812.00
70	816.00	816.00
70	820.00	820.00
70	824.00	824.00
70	828.00	828.00
70	832.00	832.00
70	836.00	836.00
70	840.00	840.00
70	844.00	844.00
70	848.00	848.00
70	852.00	852.00
70	856.00	856.00
70	860.00	860.00
70	864.00	864.00
70	868.00	868.00
70	872.00	872.00
70	876.00	876.00
70	880.00	880.00
70	884.00	884.00
70	888.00	888.00
70	892.00	892.00
70	896.00	896.00
70	900.00	900.00
70	904.00	904.00
70	908.00	908.00
70	912.00	912.00
70	916.00	916.00
70	920.00	920.00
70	924.00	924.00
70	928.00	928.00
70	932.00	932.00
70	936.00	936.00
70	940.00	940.00
70	944.00	944.00
70	948.00	948.00
70	952.00	952.00
70	956.00	956.00
70	960.00	960.00
70	964.00	964.00
70	968.00	968.00
70	972.00	972.00
70	976.00	976.00
70	980.00	980.00
70	984.00	984.00
70	988.00	988.00
70	992.00	992.00
70	996.00	996.00
70	1000.00	1000.00

HOUSTON — The decline in U.S. oil drilling accelerated as the number of rotary rigs operating in the week ended Monday fell 20 from the previous week, to 757, Hughes Tool Co. said Monday. It said the figure was the lowest since February 1943.

Hughes, in its authoritative weekly survey of the U.S. industry, said 48 fewer land rigs and four fewer offshore rigs were operating. In the comparable week a year ago the U.S. rig count stood at 1,869. In the just-ended week, Texas and Oklahoma posted decreases of 16 and 14 rigs respectively.

Cumulative, 37 active rigs, one more than a year earlier but far below the 179 a year ago, Hughes said.

MANAMA, Bahrain — Saudi Arabia's oil output slipped in the first half of May to below 4 million barrels per day, but was rising in the second half of the month, industry sources in the Gulf said Monday.

They said output in April was between 4.4 million and 4.5 million barrels per day, excluding production from the neutral zone. In May, the sources said, apparently because of fears about Iranian attacks on tankers using Saudi ports,

1-year bill	4.32	4.34	4.36
20-yr. bond	94 38/32	94 22/32	7.71

Source: Salomon Brothers.

Merrill Lynch Treasury Index: 348.41
Change for the day: +6.8
Average yield: 7.36 %
Source: Merrill Lynch.

	Strike Prices		Calls-Gamita		
	Jan	Feb	Jan	Feb	
42	2.52	1.38	2.68	0.19	
44	0.92	1.38	2.08	0.89	
46	0.72	1.38	2.40	0.69	
48	0.64	1.46	1.90	1.07	
50	0.6	1.42	1.70	1.76	
52	0.58	1.78	1.50	2.65	

Underwritten Initial cost: 0.854
 Calls: P11 vol. 3,270 open int. 22.85
 Puts: P11 vol. 4,874 open int. 46.27
 Source: CME

May 19		May 20	
Spot	245.00	245.00	245.00
Forward	247.00	247.00	247.00
NICKEL			
Spot	260.00	260.00	260.00
Forward	272.00	272.00	272.00
SILVER			
Spot	332.00	332.00	332.00
Forward	335.00	335.00	335.00
SWISS			
Spot	400.00	400.00	400.00
Forward	402.00	402.00	402.00

Source: A.P.

00	244.00	245.00
00	247.00	248.00
00	2495.00	2500.00
00	2750.00	2755.00
00	331.00	332.00
00	339.00	340.00
00	408.00	409.00

BUSINESS ROUNDUP

Union Calls Halt to Strike at TWA

By The Staff from Des Moines
NEW YORK — The union of World Airlines striking attendants said Monday that it asked the strikers to return to work immediately and without conditions.

The International Federation of Attendants said it wanted to end the economic effects of the strike on its members and to prevent TWA from using the work force with low-paid employees.

A TWA spokesman in New York said most jobs already were filled through the hiring of more than 3,000 people since the strike began. The spokesman, Sally Iversen, estimated that only 200 jobs remained open.

Flight attendants union members over the week-end returned to work.

RDENA, California — A Honda Motor Co. said it is raising the price of its Honda and Acura cars by 2.3 percent immediately because of the decline during the year.

INFANT NOTES

British Foods PLC said gross profit for the year ended March 29, 1986 was £152.3 million in its financial year. Sales for 1985-86 were £1,100 million.

Continental said its gross profit for the first half of the year ended Oct. 1, 1985 was \$101.7 million.

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lines" and would "make more aggressive use of consumer, labor, political and community allies."

About 6,500 flight attendants went on strike March 7 in a dispute over wage cuts and work conditions.

Union members are to vote Wednesday on the company's latest proposal.

The TWA spokesman said that in addition to the new hires, about 1,300 flight attendants had crossed the picket line during the strike. The union maintains that 82 percent of the strikers have remained on the picket line.

The industrial properties market was badly hurt by Hong Kong's poor export performance last year, the bank said.

Acquisition of factory space reached its lowest level since 1976, while completions of new factories fell short of forecasts by almost 20 percent, the report said.

It said the market's short-term performance will depend largely on a recovery in external trade. But, it noted, about 16.7 million square feet (1.55 million square meters) of factory space is scheduled to be completed in 1986, up from 1985, more than the total for the past three years.

Hong Kong Property Market Expected to Be Slower in '86

HONG KONG — The Hong Kong property market is entering a period of consolidation after a year of buoyant demand in 1985, according to an economic report released Monday by Hongkong & Shanghai Banking Corp.

The report said, however, that underlying demand remains steady, especially for small and medium-sized apartments, despite signs of a general leveling of prices.

Residential mortgage loans by banks and deposit-taking companies increased by 1.6 billion Hong Kong dollars (\$204 million) during the first quarter of this year, the report added.

McGraw-Hill Inc. said it and China's Xinhu news agency had formed a joint venture to print a business directory of U.S. service and manufacturing companies in China, for distribution in China.

Occidental Petroleum Corp. said it was making further reductions in its 1986 capital spending budget and eliminating 2,000 jobs. Capital spending in 1986 is now expected to be \$950 million, down an additional \$150 million from the capital cuts announced in March and down 35 percent from Occidental's original budget of \$1.5 billion.

United Mileage Bank's managing director, Abraham Meir, resigned at the recommendation of a state commission that investigated a 1983 bank shares crash. He was the third head of an Israeli commercial bank to accept the panel's demand that its Israeli banking officials step down.

New employment conditions, accepted by the new employees and the strikers who returned to work, allow TWA to operate with 5,000 attendants, a reduction of 1,500, the spokeswoman said.

Many of the new flight attendants were drawn from an attendants' training school operated by TWA and others came from other jobs in the company, she said.

TWA last month reported a \$169.6-million loss for the first quarter because of the strike, price-cutting and a reduction in overseas travel prompted by incidents of terrorism. (Reuters, UPI)

Hewlett-Packard said Monday that its profit fell 1.5 percent in the second quarter.

PAOLO ALTO, California — Hewlett-Packard Co. said Monday that its profit fell 1.5 percent in the second quarter.

Sales, however, rose 6 percent in the three months ended April 30, to \$17.7 million, from \$16.7 million in the 1985 quarter.

Earnings per share came to 49 cents compared with 51 cents in the year-earlier period.

The company said the U.S. business environment continues to be difficult, forcing continued efforts to curb spending and hiring. New domestic orders rose only slightly, to \$899 million from \$894 million.

For the first half, Hewlett-Packard's earnings slipped 2.7 percent, to \$326 million, or 92 cents a share, from \$345 million, or 96 cents a share.

Revenue was up 5.3 percent, to \$3.37 billion from \$3.2 billion in the 1985 first half, while new orders rose to \$3.43 billion from \$3.32 billion.

NOTICE OF REDEMPTION
The City of Winnipeg
U.S. \$50,000,000
15 3/4% Debentures due June 30, 1988 Series UU

NOTICE IS HEREBY GIVEN that The City of Winnipeg intends to redeem all of its outstanding 15 3/4% Debentures due 1988 (the "Debentures") on June 30, 1988 (the "Redemption Date") at the redemption price of 105% of their principal amount (the "Redemption Price"). On June 30, 1988 the Redemption Price will become due and payable upon all Debentures. After the Redemption Date interest on the Debentures will cease to accrue. Coupons due June 30, 1988 or prior thereto should be detached and presented for payment in the usual manner.

The Redemption Price on the Debentures shall be payable upon presentation and surrender thereof with all unremitted coupons at any one of the following agencies:

THE ROYAL BANK AND TRUST COMPANY
 80 William Street
 New York, N.Y. 10038
 (Principal Paying Agent)

THE ROYAL BANK OF CANADA
 6 Lombard
 London EC6N 7JY

SWISS BANK CORPORATION
 Aeschenvorstadt 1
 CH-4002, Basel

DEUTSCHE BANK AKTIENGESELLSCHAFT
 10/14 Grossed Gasse
 D-6000 Frankfurt am Main

BANQUE GENERALE DU LUXEMBOURG
 27 Avenue Montigny
 Luxembourg

THE ROYAL BANK OF CANADA (FRANCE) S.A.
 8 Rue de la Paix
 75006 Paris

Debentures should be surrendered with all coupons appertaining thereto maturing after the Redemption Date, failing which the face value of any missing unremitted coupon will be deducted from the sum due for payment. Any amount so deducted will be paid against surrender of the missing coupon within a period of 6 years from June 30, 1988.

Dated: May 20, 1986

THE CITY OF WINNIPEG

FUTURES AND OPTIONS

Farmers Seek to Clean Up U.S. Grain-Export Act

By Ward Sinclair
Washington Post Service

WASHINGTON — Millions of tons of American grain, often billed by U.S. farmers as the best that money can buy, routinely goes to export markets laden with chaff, dirt, broken kernels and other junk — all perfectly legal under federal inspection standards.

But now, falling export sales and complaints by foreign buyers about the quality of U.S. grain have touched off intense debate in agricultural circles and provoked calls for tightening the standards.

The issue is not whether the standards are being met. In most cases they are, according to the Federal Grain Inspection Service. Rather, the debate is over the adequacy of the standards and whether they are hindering farm exports, which this year are expected to drop to \$28 billion, the lowest since 1981, when exports hit a high of \$44 billion.

"We are not price-competitive, but another factor is the quality issue," said Tom Mick, an official of U.S. Wheat Associates, a farm-ersponsored export promotion group. "We fall a little bit short on cleanliness."

Jim Gutman, a quality specialist with the American Soybean Association, said: "It is a very important issue in the long run to help us

retain the markets we have and to have the chance to expand."

The U.S. standards, which have changed little since 1917, allow specified amounts of moisture, unusable broken kernels and foreign material in export grain. Many say the rules have not kept up with changes in harvest, storage and shipping technology.

Despite efforts by grain-exporting companies to delay changes in the standards, the Senate and House agriculture committees are considering bills to tighten the quality regulations.

"If we are going to gain a reputation as quality suppliers, we have to clean up our act," said Senator Mark Andrus, a North Dakota Republican who is holding Senate hearings that began last month.

Mr. Andrus has introduced a bill that would bar the addition of dust, grain-related materials or noxious materials to export commodities. He says he is considering criminal penalties for violators.

At the first hearing, farm groups urged Congress to act quickly to tighten the grain-inspection standards.

"U.S. grain producers believe that U.S. wheat and other grains are dirtier than the grain exported by our competitors, and these producers want Congress to do something about it," said Dan McGuire, di-

rector of the Nebraska Wheat Board.

Mr. McGuire and other witnesses told Mr. Andrus's subcommittee of the Senate Agriculture Committee that current standards are so lenient that export companies can make huge extra profits by mixing low-quality grain and foreign material into shipments that still meet official grade requirements.

The North American Export Grain Association, whose 33 member companies account for more than 90 percent of U.S. exports, agreed that minor changes in the standards would benefit world buyers but argued that the quality issue has been "grossly exaggerated" as a factor in declining sales.

The president of the association, Myron R. Larson, who is an official of Continental Grain Co., defended the industry by citing statistics showing wheat leaving export terminals in cleaner condition than when received from farmers.

Farmer representatives said they were ready to bear their share of any additional cost of sending cleaner grain overseas.

"I believe a problem exists and that we need to tighten the standards," said Charles Otten, a North Dakota farmer who is president of the National Barley Council. He said poor quality was a major reason for a decline in barley exports from 100 million bushels in 1983 to 18 million this year.

ECU MULTIPLACEMENT

S.I.C.A.V. LUXEMBOURG

Cette à l'initiative de la BANQUE FRANÇAISE DE L'AGRICULTURE ET DU CRÉDIT MUTUEL, ECU MULTIPLACEMENT, Société d'investissement à Capital Variable, a son siège à LUXEMBOURG.

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Monday's **AMEX** Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. For The Associated Press

12 Month High	Low	Stock	Chg.	Vol.	PE	Div.	Yield	52 Week High	Low	Stock	Chg.	Vol.	PE	Div.	Yield
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00

12 Month High	Low	Stock	Chg.	Vol.	PE	Div.	Yield	52 Week High	Low	Stock	Chg.	Vol.	PE	Div.	Yield
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00

12 Month High	Low	Stock	Chg.	Vol.	PE	Div.	Yield	52 Week High	Low	Stock	Chg.	Vol.	PE	Div.	Yield
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00

12 Month High	Low	Stock	Chg.	Vol.	PE	Div.	Yield	52 Week High	Low	Stock	Chg.	Vol.	PE	Div.	Yield
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00

12 Month High	Low	Stock	Chg.	Vol.	PE	Div.	Yield	52 Week High	Low	Stock	Chg.	Vol.	PE	Div.	Yield
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00

12 Month High	Low	Stock	Chg.	Vol.	PE	Div.	Yield	52 Week High	Low	Stock	Chg.	Vol.	PE	Div.	Yield
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00
100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00	100.00	98.00	IBM	+1.00	100	15.0	0.00	0.00

AMEX Highs-Lows

NEW HIGHS	NEW LOWS
IBM	IBM
IBM	IBM
IBM	IBM
IBM	IBM

Silver Falls Below \$5, Marking a 4-Year Low

LONDON — London silver prices closed below \$5 an ounce on Monday for the first time in four years after a spate of selling orders in New York, dealers said.

The metal finished at \$4.98 an ounce, its lowest level since it hit \$4.90 in June 1982. Silver had touched records of \$50 an ounce during a 1979-80 attempt by the Hunt family to corner the market.

Speculators in New York made repeated attempts last week to push the price lower. On Monday, they seemed to have taken advantage of the fact that much of Europe was on Pentecost holiday to complete the drive below \$5.

1. Jonathan Pryce as Sam in the film "Brazil"



2. Yves Saint-Laurent evening gown.



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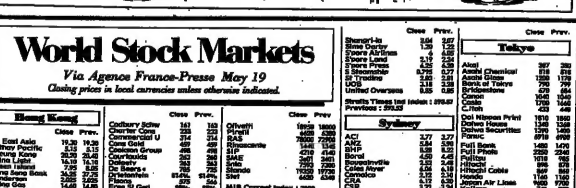
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ALMA INVESTMENT FUND	10.00	+0.05	5.00	10.05	ALMA INVESTMENT FUND	10.00	+0.05	5.00	10.05
ALMA INVESTMENT FUND	10.00	+0.05	5.00	10.05	ALMA INVESTMENT FUND	10.00	+0.05	5.00	10.05
ALMA INVESTMENT FUND	10.00	+0.05	5.00	10.05	ALMA INVESTMENT FUND	10.00	+0.05	5.00	10.05
ALMA INVESTMENT FUND	10.00	+0.05	5.00	10.05	ALMA INVESTMENT FUND	10.00	+0.05	5.00	10.05

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TEE	MOOD	EMERGE
CENT	UTE	SAM
UNDERNEATH		
SORA	ISET	GAVEL
ERAS	SERE	EXILE
DAME	TROD	RINSE

propagandist, with infallible logic and a keen sense of timing. That the success of the November 1938 pogrom gave Hitler and his cohorts a boost, both moral and political, nobody could deny. The world came to Berlin, and with the exception of a few cynics, the world was overwhelmed with admiration for what it had seen. Not merely had Hitler gained the respect of the world, he had managed to disguise his campaign against the Jews with what became known as the "Olympic Pause," in which restrictions on Jews were briefly eased so as to court world opinion. Yet at Concentration Camp of District No. 3—less than an hour's drive from the Olympics—Jews were being imprisoned in "stone coffins," an "upright cell, just big enough for a man to stand in, but too narrow to allow even a slight bending of the knees."

Jonathan Yardley is on the staff of The Washington Post.

Was Fedorowicz's 24... N-Q2 intended as some kind of trap? In any case, it did not deter Tal from 25 BxP1, N-N3; 26 BxB, NxR; 27 BxP. When this tactical operation ended with 31 NxR, QxN, Tal was two pawns ahead and dominated the position.

Tal had the end game precisely mapped out. Thus, after 35... P-Q6!, the capture with 35... RxP? would cost Black a rook to 36 P-Q7, R-N1; 37 B-K7 and 38 P-Q8(O).

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